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Arizona Corporation Commission
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DEC 09 2003

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Attorneys for Santa Cruz Water Company and Palo Verde Utilities Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF PALO VERDE
UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. SW-03575A-03-0586

IN THE MATTER OF THE
APPLICATION OF SANTA CRUZ
WATER COMPANY, FOR AN
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-03576A-03-0586

NOTICE OF SUPPLEMENTAL FILING

Santa Cruz Water Company and Palo Verde Utilities Company ("Applicant") hereby files this Notice of Supplemental Filing in the above-referenced matter. Enclosed herewith is:

1. Applicant's October 29, 2003 filing with the Director of the Utilities Division providing a list of assets, approvals, liabilities and management arrangements, in compliance with the requirement set forth in Decision No. 66394. Exhibit 1.
2. Applicant's November 19, 2003 Supplemental Notice of Compliance with Decision No. 66394. Exhibit 2.
3. Applicant's Aquifer Protection Permit for the Palo Verde Utilities Company Wastewater Reclamation Facility, signed June 23, 2003. Exhibit 3.

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RESPECTFULLY submitted this 9 day of December, 2003.

FENNEMORE CRAIG, P.C.

By:


Jay L. Shapiro
Patrick J. Black
Attorney for Palo Verde Utilities Company
and Santa Cruz Water Company

ORIGINAL and 15 copies of the
foregoing delivered this 9
day of December, 2003, to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPY hand-delivered this
9 day of December, 2003 to:

Dwight D. Nodes
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Jim Fisher, Executive Consultant
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

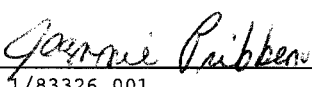
By: 
1490658.1/83326.001

EXHIBIT 1

LAW OFFICES
FENNEMORE CRAIG
A PROFESSIONAL CORPORATION

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October 29, 2003

BY HAND DELIVERY

Ernest Johnson
Director of Utilities
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: In the Matter of the Application of Palo Verde Utilities Company and
Santa Cruz Water Company for an Extension of Existing Certificates of
Convenience and Necessity;
SW-03575A-03-0167 and W-03576A-03-0167

Dear Ernest:

In accordance with Decision No. 66394 (October 6, 2003) governing the above-captioned matter, Palo Verde Utilities Company and Santa Cruz Water Company ("Applicants") hereby submit a list of all fixed assets, regulatory approvals, financial liabilities, and management arrangements transferred to the LLC entities.

Please contact myself or Jay Shapiro if you have any questions concerning the enclosed.
Thank you for your assistance in this matter.

Sincerely,

FENNEMORE CRAIG



Patrick J. Black

Enclosures

cc: Steve Olea (w/enc.)

**Listing of
Fixed Assets,
Regulatory Approvals,
Financial Liabilities,
and Management
Arrangements

for
Santa Cruz Water Co.**

Santa Cruz Water Company, L.L.C.

Fixed Assets

As of September 30, 2003

Fixed Asset Under Construction

Plant

Booster Pump Station	\$ 27,601.00	
Phase II Water Plant	122,126.07	
Water Tank	390,333.68	
		<u>\$ 540,060.75</u>

Wells

Cobblestone Well (South)	\$ 146,717.32	
RED Parcel 11 Well	7,091.72	
		<u>\$ 153,809.04</u>

Master Plans, Study and Hydrology

Hydrology	\$ 8,166.57	
Development	3,391.07	
Master Plan	15,797.64	
Master Water Study "Rancho Adu	3,230.00	
Water Study	7,178.75	
		<u>\$ 37,764.03</u>

Backbone, Raw Water Infrastructure

16" Potable Line-Smith-Enke Rd	\$ 745.10	
16" Water Ln-So. on 347 fm 238	50,305.67	
20" Raw Water	361,349.14	
Cobblestone Raw Wtr	1,360.00	
Cobblestone Water Backbone	46,038.10	
Engle Province Backbone	190,828.74	
Offsite Potable Water	51,197.05	
RED Phase IIA Water Line	249,323.42	
RED Phase IIB Water	237,906.23	
Rancho Adult Backbone	270.00	
Raw Water Ext	23,477.06	
Raw Wtr Line--Vance-Villages Lk	27,367.14	
Smith-Enke Raw Water Line	36,452.70	
Soft Costs - Misc.	4,173.48	
SR347 to State Land	105,940.78	
Trunk Water	403,534.05	
Villages Backbone	218,713.16	
Villages Honeycutt Rd Water Lns	5,261.25	
Villages Raw Wtr	21,836.26	
Water Main Ext. - Constr. Stkg.	11,596.25	
Water Main Extension Acacia	2,043.75	
Wtr lines at Santa Rosa School	22,249.33	
WWTP - Water Service	8,739.50	
		<u>\$ 2,080,708.16</u>

Total Fixed Assets Under Construction

\$ 2,812,341.98	<u>\$ 2,812,341.98</u>
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Santa Cruz Water Company, L.L.C.

Fixed Assets

As of September 30, 2003

Utility Plant in Service

301 - Organization	\$ 88,723.00
303 - Land & Land Rights	13,490.00
304 - Structures and Improvment	379,627.54
307 - Wells and Springs	183,644.11
311 - Pumping Equipment	321,723.00
320 - Water Treatment Equipment	6,762.00
330 - Distr Resv & Standpipes	323,495.00
331 - Transmission/Distr Mains	1,474,135.44
333 - Services	251,066.77
334- Meters & Meter Installs	108,509.10
335 - Hydrants	190,463.49
340 - Office Furniture / Equip	21,418.01
Trailer	3,337.28
Trailer Equipment	1,223.00
Hardware	12,492.07

Total Utility Plant in Service

\$ 3,380,109.81

Total Plant as of September 30, 2003

\$ 6,192,451.79

Santa Cruz Water Company, L.L.C.
Custom Transaction Detail Report
January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Fixed Asset Under Construction						
16" Potable Line-Smith-Enke Rd						
Bill	7/7/2003		Waterline Smit...	Building Permit	Soft Costs (Lgl & E...	495.10
						495.10
Total Soft Costs (Lgl & Engg)						
16" Potable Line-Smith-Enke Rd - Other						
Bill	4/28/2003		16"Ptbl Ln Sm...	16"Ptbl Ln Sm-Enke	16" Potable Line-S...	250.00
						250.00
Total 16" Potable Line-Smith-Enke Rd - Other						
						745.10
Total 16" Potable Line-Smith-Enke Rd						
16" Water Ln-So. on 347 fm 238						
Bill	5/29/2003		Inv#868:Job02...	16"water So.on 347 fm ...	16" Water Ln-So. o...	49,967.84
Bill	6/21/2003		Acct#1001/Inv...	16" Water Line-so.347 ...	16" Water Ln-So. o...	337.83
						50,305.67
Total 16" Water Ln-So. on 347 fm 238						
20" Raw Water						
Soft Costs (Engg & Lgl)						
Bill	5/31/2003	7499	JMI & Associates, I...		Soft Costs (Engg & ...	360.00
						360.00
Total Soft Costs (Engg & Lgl)						
20" Raw Water - Other						
Bill	5/29/2003		Inv#867:Job03...	WTP to Neely West Well	20" Raw Water	274,151.09
Bill	6/21/2003		Acct#1001/Inv...	20" Raw Water	20" Raw Water	1,858.08
Bill	6/30/2003		Inv#886	Lee's Pipelines, Inc.	20" Raw Water	84,193.32
Bill	7/18/2003		Inv#1001 & 18...	Santa Cruz/Palo Ve...	20" Raw Water	786.65
						360,989.14
Total 20" Raw Water - Other						
						361,349.14
Total 20" Raw Water						
334 - 2" Turbo Irr Meters						
Bill	7/15/2003		ORD#74375-00	Mountain States Pl...	334 - 2" Turbo Irr M...	4,351.03
Bill	7/27/2003		ORD#70741-00	Mountain States Pl...	334 - 2" Turbo Irr M...	162.15
						4,513.18
Total 334 - 2" Turbo Irr Meters						
Booster Pump Station						
Bill	12/13/2002		Inv#321066	James, Cooke, & H...	Booster Pump Station	3,500.00
Bill	1/6/2003		321205	James, Cooke, & H...	Booster Pump Station	3,866.00
Bill	2/6/2003		320937	James, Cooke, & H...	Booster Pump Station	20,235.00
						27,601.00
Total Booster Pump Station						
CC&N Expansion-Hydrology						
General Journal	12/31/2002			recl hydrology costs	CC&N Expansion-H...	8,166.57

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10/06/03

Accrual Basis

Santa Cruz Water Company, L.L.C.

Custom Transaction Detail Report

January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Total CC&N Expansion-Hydrology						8,166.57
Cobblestone Raw Wtr						
Soft Costs (Engg & Lgl)	5/31/2003	7498	JMI & Associates, I...		Soft Costs (Engg & ...	1,360.00
Total Soft Costs (Engg & Lgl)						1,360.00
Total Cobblestone Raw Wtr						1,360.00
Cobblestone Water Backbone						
General Journal	7/31/2003					
Bill	9/25/2003	Inv# 965	Lee's Pipelines, Inc.	PDC Engg Pd by WM280 Inv# 965	Cobblestone Water ... Cobblestone Water ...	10,934.09 35,104.01
Total Cobblestone Water Backbone						46,038.10
Cobblestone Well (South)						
Bill	5/29/2003	Inv#3018; Job4...	Weber Group, L.C.	Inv#3018; Job4450-000	Cobblestone Well (...)	2,077.90
Bill	6/19/2003	Inv# 0003059-IN	Weber Group, L.C.		Cobblestone Well (...)	127,868.83
Bill	7/2/2003	890	Lee's Pipelines, Inc.	890	Cobblestone Well (...)	10,262.14
Bill	8/31/2003	Inv# 3225	Weber Group, L.C.	Piping	Cobblestone Well (...)	5,670.58
Bill	9/15/2003	Inv# 2011	Alliance Service & ...	Install Motor Saver 777...	Cobblestone Well (...)	837.87
Total Cobblestone Well (South)						146,717.32
Development						
Soft Costs (Engg & Lgl)						
General Journal	12/31/2002					
Bill	1/30/2003	Inv# 7115	JMI & Associates, I...	JMI	Soft Costs (Engg & ...	225.00
General Journal	1/31/2003			I/C Activity fm PVUC	Soft Costs (Engg & ...	95.00
Bill	4/3/2003	Inv# 7244	JMI & Associates, I...	Inv# 7244	Soft Costs (Engg & ...	380.00
Total Soft Costs (Engg & Lgl)						1,080.00
Development - Other						1,780.00
Bill	5/13/2003	Inv#1033-appl#3	Wescon Corporation	Inv#1033-appl#3	Development	1,611.07
Total Development - Other						1,611.07
Total Development						3,391.07
Engle Province Backbone						
Bill	7/30/2003	917	Lee's Pipelines, Inc.	917	Engle Province Bac...	188,942.19
Bill	8/19/2003	Inv# 20342/CN...	Santa Cruz/Palo Ve...	Inv# 20342/CN#1001	Engle Province Bac...	1,842.32
Bill	9/22/2003	INV#22252/AC...	Santa Cruz/Palo Ve...	INV#22252/ACT#1001	Engle Province Bac...	44.23
Total Engle Province Backbone						190,828.74
Equipment						
Bill	12/19/2002	Inv# 98741	Chemical Injection ...	Inv# 98741	Equipment	1,223.00
Total Equipment						1,223.00

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10/06/03

Accrual Basis

Santa Cruz Water Company, L.L.C.

Custom Transaction Detail Report

January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Hardware						
Bill	1/1/2002	13866	VISI / The Compute...	one half of system	Hardware	1,382.06
Bill	1/1/2002	13865	VISI / The Compute...	one half of hub, monito...	Hardware	610.00
Bill	1/1/2002	13864	VISI / The Compute...	one half of system	Hardware	1,891.75
Bill	1/1/2002	13863	VISI / The Compute...	one half of system	Hardware	2,707.91
Bill	1/1/2002	14112	VISI / The Compute...	one half of set up fees	Hardware	112.50
Bill	1/1/2002	14034	VISI / The Compute...	one half of LPT connec...	Hardware	65.00
Bill	1/1/2002	14022	VISI / The Compute...	one half to install serve...	Hardware	350.00
Bill	1/1/2002	13862	VISI / The Compute...	one half of system	Hardware	3,080.85
Bill	4/19/2002	14605	VISI / The Compute...		Hardware	2,292.00
Total Hardware						12,492.07
Master Plan						
General Journal						
Bill	7/31/2002	I/C Entry	Pinal County	Pinal City Dev Svc	Master Plan	691.58
Bill	9/20/2002	Permit Fee-Ac...	Coe & Van Loo Con...	Construction of water ...	Master Plan	3,209.07
Bill	9/25/2002	96879		RED Water Line	Master Plan	7,406.00
General Journal						
Bill	9/30/2002	I/C Entry	JMI & Associates, I...	JMI Field Inspection	Master Plan	902.50
Bill	10/31/2002	Inv# 6933		Inv# 6933	Master Plan	1,472.50
Bill	10/31/2002	Inv# 98431	Coe & Van Loo Con...	Inv# 98431	Master Plan	251.00
Bill	10/31/2002	Inv# 98432	Coe & Van Loo Con...	Inv# 98431	Master Plan	3.24
Bill	10/31/2002	Inv# 98136	Coe & Van Loo Con...	Inv# 98136	Master Plan	69.24
Bill	11/25/2002	Inv# 7001	JMI & Associates, I...	Inv# 7001	Master Plan	45.00
Bill	12/12/2002	Inv# 100049 P6...	Coe & Van Loo Con...	Inv# 100049 P60000702	Master Plan	468.50
Bill	12/12/2002	Inv# 100050 P6...	Coe & Van Loo Con...	Inv# 100050 P60000702	Master Plan	358.75
Bill	1/1/2003	Inv# 101661	Coe & Van Loo Con...	Inv# 101661	Master Plan	149.99
Bill	1/1/2003	Inv# 101662	Coe & Van Loo Con...	Inv# 101662	Master Plan	420.00
Bill	1/1/2003	Inv# 101663	Coe & Van Loo Con...	Inv# 101663	Master Plan	210.00
Bill	5/22/2003	Inv# 107737	Coe & Van Loo Con...	Inv# 107737	Master Plan	15.00
Bill	6/19/2003	Inv# 108584	Coe & Van Loo Con...	Project 60001601	Master Plan	71.35
Bill	7/24/2003	110095	Coe & Van Loo Con...	Infrastructure Water	Master Plan	38.92
Bill	9/23/2003	Inv# 112868	Coe & Van Loo Con...	Proj# 60001601	Master Plan	15.00
Total Master Plan						15,797.64
Master Water Study "Rancho Adu						
Bill	3/31/2003	Inv# 7331	JMI & Associates, I...	Inv# 7331	Master Water Study...	3,230.00
Total Master Water Study "Rancho Adu						3,230.00
Offsite Potable Water						
Bill	7/26/2003	Inv# 7618	JMI & Associates, I...	ENGG	Offsite Potable Water	427.50
Bill	8/31/2003	Inv# 1126:Appl...	Wescon Corporation	Inv# 1126:Appl#1	Offsite Potable Water	25,384.79
Bill	9/30/2003	Inv# 1157: App...	Wescon Corporation	Inv# 1157: Appl#2	Offsite Potable Water	25,384.76
Total Offsite Potable Water						51,197.05
Parcel II Well						
Bill	9/19/2003	Inv# 3247-IN	Weber Group, L.C.	Parcel II Well Capped	Parcel II Well	7,091.72
Total Parcel II Well						7,091.72

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10/06/03

Accrual Basis

Santa Cruz Water Company, L.L.C.

Custom Transaction Detail Report

January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Phase II Water Line						
Soft Costs (Lgl & Engg)						
Bill	4/22/2003	Inv# 106611	Coe & Van Loo Con...	Inv# 106611	Soft Costs (Lgl & E...	4,708.00
Bill	5/1/2003	Inv#7427	JMI & Associates, I...	Inv#7427	Soft Costs (Lgl & E...	1,282.50
Bill	5/20/2003	Inv# 107097	Coe & Van Loo Con...	Inv# 107097	Soft Costs (Lgl & E...	2,568.00
Bill	5/22/2003	220072610	Construction Inspec...	Testing phIIA	Soft Costs (Lgl & E...	880.00
Bill	6/19/2003	Inv# 108585	Coe & Van Loo Con...	Project 60002101	Soft Costs (Lgl & E...	428.00
Total Soft Costs (Lgl & Engg)						9,866.50
Phase II Water Line - Other						
Bill	10/17/2002	080502	Wescon Corporation	Pothole existing electrical	Phase II Water Line	1,259.30
Bill	10/25/2002	Proj 2514-4 In...	Wescon Corporation		Phase II Water Line	5,853.85
Credit	12/6/2002	Dupl Pmt Ck# ...	Wescon Corporation	Dupl Pmt Ck# 1122	Phase II Water Line	0.00
Credit	12/31/2002	Dupl Pmt Chk...	Wescon Corporation	Dupl Pmt Chk# 1122	Phase II Water Line	-1,259.30
General Journal	12/31/2002			Wescon	Phase II Water Line	177,809.71
Bill	1/1/2003	6-947	Wescon Corporation		Phase II Water Line	16,956.18
Bill	1/31/2003	1271-2	Felix Construction ...		Phase II Water Line	37,966.18
Bill	7/24/2003	110098	Coe & Van Loo Con...	Constr Staking	Phase II Water Line	15.00
Bill	8/22/2003	Inv# 111319	Coe & Van Loo Con...	Inv# 111319	Phase II Water Line	856.00
Total Phase II Water Line - Other						239,456.92
Total Phase II Water Line						
Total Phase II Water Line						249,323.42
Phase II Water Plant						
Soft Costs (Engg & Lgl)						
Bill	1/24/2003	2120568	RBF Consulting	Inv#3020958	Soft Costs (Engg & ...	4,164.42
Bill	2/28/2003	3010666	RBF Consulting	Phase II Water	Soft Costs (Engg & ...	1,650.05
Bill	3/28/2003	Inv#3020958	RBF Consulting	Wtr Sys Capacity	Soft Costs (Engg & ...	84.04
Bill	4/25/2003	3030988	RBF Consulting		Soft Costs (Engg & ...	270.00
Bill	5/23/2003	3040910	RBF Consulting		Soft Costs (Engg & ...	1,097.95
Bill	6/27/2003	45-101399.001...	RBF Consulting		Soft Costs (Engg & ...	761.95
Total Soft Costs (Engg & Lgl)						8,028.41
Phase II Water Plant - Other						
Bill	4/26/2002	2030673	RBF Consulting	ADEQ final submittal ...	Phase II Water Plant	300.00
Bill	6/27/2002	22004794	Construction Inspec...	Addtl Storage Tank	Phase II Water Plant	150.00
Bill	8/23/2002	2070904	RBF Consulting		Phase II Water Plant	3,374.77
Bill	9/27/2002		RBF Consulting		Phase II Water Plant	7,115.11
Bill	11/25/2002	45101399.001 ...	RBF Consulting	45101399.001 Nov02	Phase II Water Plant	1,957.42
Bill	12/13/2002	Inv#2101153	RBF Consulting	Inv#2101153	Phase II Water Plant	2,365.49
General Journal	12/31/2002			Sturgeon Electric	Phase II Water Plant	2,978.35
Bill	2/28/2003	1271-3	Felix Construction ...	Invoice 122402	Phase II Water Plant	25,741.00
Bill	3/14/2003	Invoice 122402	Felix Construction ...	Elec to hook Vance int...	Phase II Water Plant	3,027.52
Bill	3/14/2003	78109	Sturgeon Electric	WTP expansion II	Phase II Water Plant	5,259.08
Bill	4/30/2003	1271-04	Felix Construction ...		Phase II Water Plant	36,900.00
Bill	6/27/2003	1271-06-Retail...	Felix Construction ...		Phase II Water Plant	18,000.50
Bill	6/27/2003	1271-05-June03	Felix Construction ...	PH II Water Plant	Phase II Water Plant	6,928.42

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10/06/03

Accrual Basis

Santa Cruz Water Company, L.L.C.

Custom Transaction Detail Report

January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Total Phase II Water Plant - Other						
Total Phase II Water Plant						114,097.66
Total Phase II Water Plant						
Phase IIB Water						122,126.07
Soft Costs (Engg & Lgl)	5/31/2003	7496	JMI & Associates, I...		Soft Costs (Engg & ...	2,025.00
Total Soft Costs (Engg & Lgl)						2,025.00
Phase IIB Water - Other						
Bill	4/15/2003		Pinal County Dept o...	IIB Treat'd Water Ln	Phase IIB Water	804.90
Bill	4/20/2003		Wescon Corporation	Phase IIB Water	Phase IIB Water	135,431.52
Bill	5/20/2003		Wescon Corporation	Phase IIB Water at RED	Phase IIB Water	74,469.92
Bill	6/18/2003		Wescon Corporation		Phase IIB Water	23,322.39
Bill	7/26/2003		JMI & Associates, I...	Inv# 7616	Phase IIB Water	1,852.50
Total Phase IIB Water - Other						235,881.23
Total Phase IIB Water						
Total Phase IIB Water						237,906.23
Rancho Adult Backbone						
Soft Costs (Engg & Lgl)	5/31/2003	7499	JMI & Associates, I...		Soft Costs (Engg & ...	270.00
Total Soft Costs (Engg & Lgl)						270.00
Total Rancho Adult Backbone						
Total Rancho Adult Backbone						270.00
Raw Water Ext						
Bill	6/28/2002	App 2 Inv 829	Wescon Corporation	App thru 063002	Raw Water Ext	7,670.57
Bill	10/7/2002	ROW Fee	Pinal County	ROW fee for raw water ...	Raw Water Ext	478.93
Bill	1/1/2003	3-937	Wescon Corporation		Raw Water Ext	3,253.56
Bill	3/31/2003	Inv# 7333	JMI & Associates, I...	Inv# 7333	Raw Water Ext	12,074.00
Total Raw Water Ext						23,477.06
Raw Wtr Line--Vance-Villages Lk						
Bill	5/7/2003	5-2003	Pinal County Dept o...	12"raw water to lake @...	Raw Wtr Line--Van...	125.00
Bill	5/15/2003	5-2003	Pinal County Dept o...	12" raw water for lake...	Raw Wtr Line--Van...	125.00
Bill	6/19/2003	Inv# 1087	Wescon Corporation	Appl#1 to 6/30/03	Raw Wtr Line--Van...	9,039.05
Bill	7/17/2003	Inv#1099-APPL2	Wescon Corporation	Inv#1099-APPL2	Raw Wtr Line--Van...	18,078.09
Total Raw Wtr Line--Vance-Villages Lk						27,367.14
Smith-Enke Raw Water Line						
Soft Costs (Lgl & Engg)	3/18/2003		Pinal County Dept o...	Raw Water Line Plans	Soft Costs (Lgl & E...	875.00
Bill	4/30/2003		Pinal County Dept o...	Rt of Way use permit f...	Soft Costs (Lgl & E...	7,734.56
Bill	5/1/2003		JMI & Associates, I...	Inv#7429	Soft Costs (Lgl & E...	4,095.00
Bill	5/31/2003	7496	JMI & Associates, I...		Soft Costs (Lgl & E...	180.00

Santa Cruz Water Company, L.L.C. Custom Transaction Detail Report January 1, 2001 through October 1, 2003

Type	Date	Num	Name	Memo	Account	Amount
Bill	7/7/2003	12" Raw Water...	Pinal County		Soft Costs (Lgl & E...	948.26
Total Soft Costs (Lgl & Engg)						13,832.82
Smith-Enke Raw Water Line - Other						
Bill	6/20/2003	Inv# 220077315	Construction Inspec...		Smith-Enke Raw W...	365.00
Bill	8/28/2003	Inv#220080745	Construction Inspec...	Field Density Test	Smith-Enke Raw W...	160.00
Bill	9/25/2003	Inv# 971	Lee's Pipelines, Inc.	Neely W. Well To S.E.	Smith-Enke Raw W...	22,094.88
Total Smith-Enke Raw Water Line - Other						22,619.88
Total Smith-Enke Raw Water Line						36,452.70
Soft Costs - Misc.						
Bill	8/5/2003	P066778	Thomas Reprograp...	Soft Costs- Misc.	Soft Costs - Misc.	169.39
Bill	8/5/2003	P066706	Thomas Reprograp...		Soft Costs - Misc.	10.60
Bill	8/6/2003	P066810	Thomas Reprograp...		Soft Costs - Misc.	20.29
Bill	8/12/2003	P067259	Thomas Reprograp...	IIB Irrigation Plans	Soft Costs - Misc.	49.39
Bill	8/21/2003	P067998	Thomas Reprograp...	PO67998	Soft Costs - Misc.	8.81
Bill	9/1/2003	Inv# 7710	JMI & Associates, I...	Field Inspection	Soft Costs - Misc.	2,205.00
Total Soft Costs - Misc.						2,463.48
SR347 to State Land						
Bill	5/29/2003	Inv#871;Job02...	Lee's Pipelines, Inc.	Removal of Concrete D...	SR347 to State Land	14,407.67
Bill	5/29/2003	Inv#870;Job02...	Lee's Pipelines, Inc.	12" Irrigation Line	SR347 to State Land	54,880.52
Bill	5/29/2003	Inv#869;Job02...	Lee's Pipelines, Inc.	12" Water Line	SR347 to State Land	36,033.24
Bill	6/21/2003	Acct#1001/Inv...	Santa Cruz/Palo Ve...	SR347 to State Land Irrig	SR347 to State Land	365.98
Bill	6/21/2003	Acct#1001/Inv...	Santa Cruz/Palo Ve...	SR347 to State Land ...	SR347 to State Land	253.37
Total SR347 to State Land						105,940.78
Trailer						
Bill	7/31/2003	Inv#1960	Alliance Service & ...	UnderGrnd ELec/Break...	Trailer	3,337.28
Total Trailer						3,337.28
Trunk Water						
Bill	10/22/2002	682	Lee's Pipelines, Inc.	water bill	Trunk Water	6,318.72
General Journal	11/30/2002		Lee's Pipelines, Inc.	Inv# 701 Job 02-18	Trunk Water	986.74
Bill	12/12/2002	Inv# 701 Job 0...	Lee's Pipelines, Inc.	Acct#1001 Dec02	Trunk Water	108,142.89
Bill	12/19/2002	Acct#1001 De...	Santa Cruz/Palo Ve...	DeRito Partners Trunk ...	Trunk Water	331.57
General Journal	12/20/2002		Lee's Pipelines, Inc.	Inv# 727 Job 02-18	Trunk Water	-5,994.59
Bill	12/30/2002	Inv# 727 Job 0...	Lee's Pipelines, Inc.	Inv# 768	Trunk Water	98,807.47
Bill	1/30/2003	Inv# 768	Lee's Pipelines, Inc.	Inv# 767	Trunk Water	147,319.53
Bill	1/30/2003	Inv# 767	Lee's Pipelines, Inc.	I/C Activity fm PVUC	Trunk Water	5,395.13
General Journal	1/31/2003		Santa Cruz/Palo Ve...	Inv# 12936	Trunk Water	129.99
Bill	3/14/2003	Inv# 12936	Santa Cruz/Palo Ve...	I/C exp fm PVUC	Trunk Water	2.01
General Journal	3/31/2003		Lee's Pipelines, Inc.	I/C exp fm PVUC	Trunk Water	0.00
General Journal	3/31/2003		Lee's Pipelines, Inc.	retention	Trunk Water	225.00
Bill	4/29/2003	Inv#218-03	Lee's Pipelines, Inc.	I/C fm PVUC	Trunk Water	40,664.87
General Journal	4/30/2003				Trunk Water	773.66

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Type	Date	Num	Name	Memo	Account	Amount
Bill	5/9/2003	Acct5113 Inv1...	Santa Cruz/Palo Ve...	Acct5113 Inv14456	Trunk Water	174.80
Bill	5/9/2003	Acct5113 Inv1...	Santa Cruz/Palo Ve...	Acct5113 Inv14457	Trunk Water	97.96
Bill	5/19/2003	Acct#1001-Inv...	Santa Cruz/Palo Ve...	Acct#1001-Inv#15672	Trunk Water	158.30
Total Trunk Water						403,534.05
Villages Backbone						
Bill	2/28/2003	Phil Offsites-Vil...	Rio Verde 832, LLC	Phil Offsites-Village	Villages Backbone	23,445.00
Bill	9/1/2003	Inv # 7712	JMI & Associates, I...	Inv # 7712	Villages Backbone	225.00
Bill	9/25/2003	Inv# 974	Lee's Pipelines, Inc.	Inv# 974	Villages Backbone	195,043.16
Total Villages Backbone						218,713.16
Villages Honeycutt Rd Water Lns						
Soft Costs (Lgl & Engg)						
Bill	5/1/2003	Inv#7428	JMI & Associates, I...	Inv#7428	Soft Costs (Lgl & E...	1,815.00
Bill	6/1/2003	Inv# 7497	JMI & Associates, I...	Villages backbone	Soft Costs (Lgl & E...	2,538.75
Total Soft Costs (Lgl & Engg)						4,353.75
Villages Honeycutt Rd Water Lns - Other						
Bill	7/26/2003	Inv# 7617	JMI & Associates, I...	Engg	Villages Honeycutt ...	142.50
Bill	9/1/2003	Inv # 7711	JMI & Associates, I...	Inv # 7711	Villages Honeycutt ...	765.00
Total Villages Honeycutt Rd Water Lns - Other						907.50
Total Villages Honeycutt Rd Water Lns						5,261.25
Villages Raw Wtr						
Soft Costs (Engg & Lgl)						
Bill	5/31/2003	7498	JMI & Associates, I...		Soft Costs (Engg & ...	1,955.00
Total Soft Costs (Engg & Lgl)						1,955.00
Villages Raw Wtr - Other						
Bill	8/31/2003	Inv#1121/App#3	Wescon Corporation	Inv#1121/App#3	Villages Raw Wtr	9,039.05
Bill	9/30/2003	Inv# 1152:Appl...	Wescon Corporation	Inv# 1152:Appl#4	Villages Raw Wtr	4,017.36
Bill	9/30/2003	Inv# 1151, App...	Wescon Corporation	Install 12" Valve	Villages Raw Wtr	6,824.85
Total Villages Raw Wtr - Other						19,881.26
Total Villages Raw Wtr						21,836.26
Water Main Ext. - Constr. Stkg.						
Soft Costs (Lgl & Engg)						
Bill	6/19/2003	Inv#108271	Coe & Van Loo Con...	Inv#108271	Soft Costs (Lgl & E...	1,362.50
Total Soft Costs (Lgl & Engg)						1,362.50
Water Main Ext. - Constr. Stkg. - Other						
Bill	1/1/2003	Inv# 101654	Coe & Van Loo Con...	Inv# 101654	Water Main Ext. - C...	1,362.50
Bill	1/30/2003	Inv# 102604	Coe & Van Loo Con...	Inv# 102604	Water Main Ext. - C...	4,087.50
Bill	3/19/2003	Inv#104154	Coe & Van Loo Con...	Inv#104154	Water Main Ext. - C...	3,406.25

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Type	Date	Num	Name	Memo	Account	Amount
Bill	3/21/2003	Inv#105311	Coe & Van Loo Con...	Inv#105311	Water Main Ext. - C...	1,362.50
Bill	9/23/2003	Inv# 112854	Coe & Van Loo Con...	Proj# 02009101	Water Main Ext. - C...	15.00
Total Water Main Ext. - Constr. Stkg. - Other						
						10,233.75
Total Water Main Ext. - Constr. Stkg.						
						11,596.25
Water Main Extension Acacia						
Bill	12/12/2002	Inv#99661 P02...	Coe & Van Loo Con...	Inv#99661 P02009101	Water Main Extensi...	2,043.75
Total Water Main Extension Acacia						
						2,043.75
Water Study						
Bill	8/31/2003	Santa Cruz W...	GTA Engineering	Water Study	Water Study	7,178.75
Total Water Study						
						7,178.75
Water Tank						
Soft Costs (Lgl & Engg)						
Bill	1/22/2003	Inv# 220070213	Construction Inspec...	Inv# 220070213	Soft Costs (Lgl & E...	120.00
Bill	5/2/2003	Inv# 22007341...	Construction Inspec...	Inv# 220073410 Adj	Soft Costs (Lgl & E...	80.00
Total Soft Costs (Lgl & Engg)						
						200.00
Water Tank - Other						
Bill	10/25/2002	3763	Brown Tank & Steel	Inv# 3768	Water Tank	90,605.59
Bill	11/13/2002	Inv# 3768	Brown Tank & Steel	Inv# 3768	Water Tank	37,210.71
General Journal						
Bill	12/31/2002	2110925	RBF Consulting	Brown Tank	Water Tank	119,022.22
Bill	1/1/2003	1271-1	Felix Construction ...		Water Tank	1,304.69
Bill	1/1/2003	1	Felix Construction ...		Water Tank	9,635.93
Bill	1/1/2003	3794	Brown Tank & Steel	Final bill	Water Tank	54,468.90
Bill	1/16/2003	Inv#1012	Wescon Corporation	Inv#1012	Water Tank	77,001.03
General Journal	4/30/2003			I/C fm PVI	Water Tank	354.61
Total Water Tank - Other						
						390,133.68
Total Water Tank						
						390,333.68
Wtr lines at School						
Bill	10/25/2002	899	Wescon Corporation	Inv#948 RED RW reloc	Wtr lines at School	19,657.40
Bill	12/31/2002	Inv#948 RED ...	Wescon Corporation		Wtr lines at School	2,184.16
Bill	1/14/2003	Inv# 964	Wescon Corporation		Wtr lines at School	407.77
Total Wtr lines at School						
						22,249.33
WWTP - Water Service						
Bill	9/30/2003	Inv# 1149;Appl...	Wescon Corporation	Inv# 1149;Appl #1	WWTP - Water Ser...	8,739.50
Total WWTP - Water Service						
						8,739.50
Fixed Asset Under Construction - Other						
Bill	3/31/2003	Inv#7332	JMI & Associates, L...	Inv#7332	Fixed Asset Under ...	1,710.00

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Type	Date	Num	Name	Memo	Account	Amount
Total Fixed Asset Under Construction - Other						
Total Fixed Asset Under Construction						
Utility Plant in Service						
301 - Organization	12/31/2002					2,833,907.51
General Journal						
Total 301 - Organization				Red to indiv accts	301 - Organization	88,723.00
303 - Land & Land Rights	12/31/2002					88,723.00
General Journal						
Total 303 - Land & Land Rights				rec. land & investment	303 - Land & Land ...	13,490.00
304 - Structures and Improvement						13,490.00
Phase 1						
General Journal	12/31/2001		I/C entry	APS bills	Phase 1	2,011.54
Bill	4/30/2002		Booster/Well P...	Final pmt on contract o...	Phase 1	5,047.00
General Journal	12/31/2002			Red to indiv accts	Phase 1	369,395.00
Total Phase 1						376,453.54
Trailer						
General Journal	10/31/2002				Trailer	3,174.00
Total Trailer						3,174.00
Total 304 - Structures and Improvement						379,627.54
307 - Wells and Springs						
Phase 1						
General Journal	12/31/2002			Red to indiv accts	Phase 1	134,365.00
Total Phase 1						134,365.00
Porter Road Well Rehab						
Bill	1/7/2003		Inv# 2743-IN	Weber Group, L.C.	Porter Road Well R...	49,279.11
Total Porter Road Well Rehab						49,279.11
Total 307 - Wells and Springs						183,644.11
311 - Pumping Equipment						
General Journal	12/31/2002					
Total 311 - Pumping Equipment				Red to indiv accts	311 - Pumping Equi...	321,723.00
320 - Water Treatment Equipment						321,723.00
Phase 1						
General Journal	12/31/2002			Red to indiv accts	Phase 1	6,762.00

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Type	Date	Num	Name	Memo	Account	Amount
Total Phase 1						6,762.00
Total 320 - Water Treatment Equipment						6,762.00
330 - Distr Resv & Standpipes						
Phase 1						
General Journal	12/31/2002			Recl to indiv accts	Phase 1	323,495.00
Total Phase 1						323,495.00
Total 330 - Distr Resv & Standpipes						323,495.00
331 - Transmission/Distr Mains						
001003						
General Journal	12/31/2002			In-parcel 001003	001003	90,205.98
Total 001003						90,205.98
001004						
General Journal	12/31/2002			In-parcel 001004	001004	33,852.53
General Journal	1/1/2003			Corr accr to actual	001004	-33,852.53
General Journal	1/1/2003			Corr accr to actual	001004	35,584.01
General Journal	5/31/2003			Adj Acc Deprec for chg...	001004	-19.05
Total 001004						35,564.96
001005						
General Journal	12/31/2002			In-parcel 001005	001005	91,125.51
Total 001005						91,125.51
001006						
General Journal	12/31/2002			In-parcel 001006	001006	59,016.00
General Journal	1/1/2003			cor Dec Depr entry	001006	973.76
Total 001006						59,989.76
001007						
General Journal	12/31/2002			In-parcel 001007	001007	50,449.00
Total 001007						50,449.00
001011						
General Journal	12/31/2002			In-parcel 001011	001011	37,850.00
Total 001011						37,850.00
001012						
General Journal	12/31/2002			In-parcel 001012	001012	53,230.00
Total 001012						53,230.00
001013						

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Type	Date	Num	Name	Memo	Account	Amount
General Journal	12/31/2002	Line ext		In-parcel 001013	001013	25,480.00
Total 001013						25,480.00
00102A						
General Journal	12/31/2002	Line ext		In-parcel 00102A	00102A	77,452.26
Total 00102A						77,452.26
00102B						
General Journal	12/31/2002	Line ext		In-parcel 00102B	00102B	85,526.00
Total 00102B						85,526.00
Phase 1						
General Journal	12/31/2002			Recl to indiv accts	Phase 1	596,972.00
General Journal	12/31/2002			Recl to indiv accts	Phase 1	213,072.93
General Journal	12/31/2002				Phase 1	4,451.00
Total Phase 1						814,495.93
Porter Rd Water Line						
Bill	10/25/2002	901	Wescon Corporation		Porter Rd Water Line	33,480.22
Bill	11/25/2002	Porter Rd H2O...	Wescon Corporation		Porter Rd Water Line	12,875.85
Bill	12/31/2002	Inv946:Porter ...	Wescon Corporation	Porter Rd H2O Nov02	Porter Rd Water Line	5,150.67
Bill	5/2/2003	Inv #977 Appl #4	Wescon Corporation	Porter Rd Water Line	Porter Rd Water Line	1,259.30
Total Porter Rd Water Line						52,766.04
Total 331 - Transmission/Distr Mains						1,474,135.44
333 - Services						
001003						
General Journal	12/31/2002	Line ext		In-parcel 001003	001003	45,040.65
Total 001003						45,040.65
001004						
General Journal	12/31/2002	Line ext		In-parcel 001004	001004	19,215.43
General Journal	1/1/2003			Corr accr to actual	001004	-19,215.43
General Journal	1/1/2003			Corr accr to actual	001004	14,209.51
General Journal	5/31/2003			Adj Acc Deprec for chg...	001004	60.07
Total 001004						14,269.58
001005						
General Journal	12/31/2002	Line ext		In-parcel 001005	001005	39,430.05
Total 001005						39,430.05
001006						
General Journal	12/31/2002	Line ext		In-parcel 001006	001006	19,100.00
Total 001006						19,100.00

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Type	Date	Nm	Name	Memo	Account	Amount
001007						
General Journal	12/31/2002	Line ext		In-parcel 001007	001007	14,475.00
Total 001007						14,475.00
001011						
General Journal	12/31/2002	Line ext		In-parcel 001011	001011	11,625.00
Total 001011						11,625.00
001012						
General Journal	12/31/2002	Line ext		In-parcel 001012	001012	21,800.00
Total 001012						21,800.00
001013						
General Journal	12/31/2002	Line ext		In-parcel 001013	001013	11,300.00
Total 001013						11,300.00
00102A						
General Journal	12/31/2002	Line ext		In-parcel 00102A	00102A	41,466.49
Total 00102A						41,466.49
00102B						
General Journal	12/31/2002	Line ext		In-parcel 00102B	00102B	32,560.00
Total 00102B						32,560.00
Total 333 - Services						251,066.77
334- Meters & Meter Installs						
1-1/2" Irrigation Meter						
Bill	4/18/2003	Inv# 65273-00	Mountain States Pl...	Inv# 65273-00	1-1/2" Irrigation Meter	394.57
Bill	9/3/2003	Inv# 81439-00	Mountain States Pl...	Inv# 81439-00	1-1/2" Irrigation Meter	439.45
Total 1-1/2" Irrigation Meter						834.02
2" Turbo Irrigation Meter						
Bill	4/18/2003	Inv# 65273-00	Mountain States Pl...	Inv# 65273-00	2" Turbo Irrigation ...	4,076.45
Credit	5/21/2003	Order#70485-00	Mountain States Pl...	Order#70485-00	2" Turbo Irrigation ...	-509.15
General Journal	5/31/2003			Adj Acc Deprec for chg...	2" Turbo Irrigation ...	2.29
Bill	7/1/2003	65041-00	Mountain States Pl...	PO 100017	2" Turbo Irrigation ...	162.15
Bill	7/1/2003	74449-00	Mountain States Pl...	74449-00	2" Turbo Irrigation ...	1,896.42
Total 2" Turbo Irrigation Meter						5,628.16
3" Turbo Hydrant Meters						
Bill	6/16/2003	Inv# 71508-00	Mountain States Pl...		3" Turbo Hydrant M...	4,118.50
Bill	9/25/2003	Inv#85129-00	Mountain States Pl...		3" Turbo Hydrant M...	3,287.59
Total 3" Turbo Hydrant Meters						7,406.09

Santa Cruz Water Company, L.L.C.
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Type	Date	Num	Name	Memo	Account	Amount
3" Turbo Meter						
Bill	9/25/2003	Inv#85126-00	Mountain States Pi...	for WWTP	3" Turbo Meter	475.79
Total 3" Turbo Meter						475.79
3/4 inch						
General Journal	12/31/2002	Recl to FA		Recl fr exp to FA	3/4 inch	25,415.44
Bill	1/14/2003	Inv# 55621-00	Mountain States Pi...	Inv# 55621-00	3/4 inch	2,756.55
Bill	2/26/2003	Inv#58512-00	Mountain States Pi...	Inv#58512-00	3/4 inch	3,307.86
Bill	4/18/2003	Inv# 65273-00	Mountain States Pi...	Inv# 65273-00	3/4 inch	5,557.98
Bill	5/16/2003	Inv# 69596-00	Mountain States Pi...	Inv# 69596-00	3/4 inch	5,513.10
Bill	6/12/2003	Order #72557-00	Mountain States Pi...		3/4 inch	6,725.99
Bill	6/16/2003	Inv# 71508-00	Mountain States Pi...		3/4 inch	4,300.22
Bill	9/1/2003	Inv# 81006-00	Mountain States Pi...	Inv# 81006-00	3/4 inch	5,513.10
Total 3/4 inch						59,090.24
5/8 inch						
General Journal	12/31/2002	Recl to FA		Recl fr exp to FA	5/8 inch	11,424.06
Bill	2/26/2003	Inv#58512-00	Mountain States Pi...		5/8 inch	1,005.33
Bill	5/16/2003	Inv# 69596-00	Mountain States Pi...		5/8 inch	1,675.55
Total 5/8 inch						14,104.94
Hydrants						
General Journal	12/31/2002	Recl to FA		Recl fr exp to FA	Hydrants	11,121.68
Total Hydrants						11,121.68
334- Meters & Meter Installs - Other						
General Journal	12/31/2002			Recl to indiv accts	334- Meters & Mete...	5,335.00
Total 334- Meters & Meter Installs - Other						5,335.00
Total 334- Meters & Meter Installs						103,995.92
335 - Hydrants						
001003						
General Journal	12/31/2002	Line ext		In-parcel 001003	001003	21,715.10
Total 001003						21,715.10
001004						
General Journal	12/31/2002	Line ext		In-parcel 001004	001004	10,429.00
General Journal	1/1/2003			Corr accl to actual	001004	-10,429.00
General Journal	1/1/2003			Corr accl to actual	001004	8,864.65
General Journal	5/31/2003			Adj Acc Deprec for chg...	001004	15.64
Total 001004						8,880.29
001005						
General Journal	12/31/2002	Line ext		In-parcel 001005	001005	31,585.00

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Type	Date	Num	Name	Memo	Account	Amount
Total 001005						31,585.00
001006						
General Journal	12/31/2002	Line ext		In-parcel 001006	001006	14,175.00
Total 001006						14,175.00
001007						
General Journal	12/31/2002	Line ext		In-parcel 001007	001007	12,800.00
Total 001007						12,800.00
001011						
General Journal	12/31/2002	Line ext		In-parcel 001011	001011	9,900.00
Total 001011						9,900.00
001012						
General Journal	12/31/2002	Line ext		In-parcel 001012	001012	13,400.00
Total 001012						13,400.00
001013						
General Journal	12/31/2002	Line ext		In-parcel 001013	001013	4,800.00
Total 001013						4,800.00
00102A						
General Journal	12/31/2002	Line ext		In-parcel 00102A	00102A	21,715.10
Total 00102A						21,715.10
00102B						
General Journal	12/31/2002	Line ext		In-parcel 00102B	00102B	16,300.00
Total 00102B						16,300.00
Phase I						
General Journal	12/31/2002			Red to indiv accts	Phase I	35,193.00
Total Phase I						35,193.00
Total 335 - Hydrants						190,463.49
340 - Office Furniture / Equip						
Computers/Printers						
General Journal	2/28/2002	I/C entry		Printers	Computers/Printers	1,894.86
General Journal	9/30/2002	I/C Entry		Sep I/C	Computers/Printers	2,120.03
Total Computers/Printers						4,014.89
Software						
Bill	1/1/2002	13865		ViSi / The Compute...	Software	746.27
Bill	2/6/2002	1000001970		Thomas J. Bourass...	Software	2,500.00

Santa Cruz Water Company, L.L.C.
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Type	Date	Num	Name	Memo	Account	Amount
Bill	4/1/2002	1991	Thomas J. Bourass...	Utility software 50%	Software	2,500.00
Bill	4/22/2002	14612	VISI / The Compute...	Office 2000	Software	589.43
Bill	10/1/2002	1000002001	Thomas J. Bourass...	final install	Software	1,297.50
Bill	3/19/2003	Project Mgr So...	Michael Reinbold	Project Mgr Software	Software	326.76
General Journal	9/30/2003				Software	-45.10
Total Software						7,914.86
Telephone						
General Journal	2/1/2002			Center Telecom	Telephone	9,291.17
General Journal	10/31/2002				Telephone	251.16
General Journal	9/30/2003				Telephone	-54.07
Total Telephone						9,488.26
Total 340 - Office Furniture / Equip						21,418.01
Utility Plant in Service - Other						
General Journal	12/31/2001			ACC Annual Report 2001	Utility Plant in Service	1,939,395.01
General Journal	4/30/2002			Close FATCO Escrow ...	Utility Plant in Service	-32,850.85
General Journal	4/30/2002			Close FATCO Escrow ...	Utility Plant in Service	-73.66
General Journal	12/31/2002			Red to indiv accts	Utility Plant in Service	-1,787,905.00
General Journal	12/31/2002			Red to indiv accts	Utility Plant in Service	-88,723.00
General Journal	12/31/2002			Red to indiv accts	Utility Plant in Service	-5,335.00
General Journal	12/31/2002			Red to indiv accts	Utility Plant in Service	-24,507.50
Total Utility Plant in Service - Other						0.00
Total Utility Plant in Service						3,358,544.28
TOTAL						6,192,451.79

Santa Cruz Water Company, LLC

Regulatory Approvals

Arizona Department of Water Resources

Designation of Assured Water Supply

The Modification of our Designation of Assured Water Supply is in process and will be issued when ADWR receives the final order from the Commission regarding our CCN which was approved on September 30, 2003.

Arizona Department of Environmental Quality

Various Approvals to Construct (ATC)

We have various ATC's for the water improvements. The majority of these were filed with the Arizona Corporation Commission on January 21, 2003 with executed main extension agreements.

Pinal County, Arizona

Utility Franchise

On September 24, 2003, the Board of Supervisors of Pinal County, Arizona approved our application to expand our utility franchise.

Santa Cruz Water Company, LLC

Financial Liabilities as of September 30, 2003

Main extension agreements recorded as Advances in Aid of Construction	\$ 1,845,845
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Santa Cruz Water Company, LLC

Management Arrangements as of September 30, 2003

See attached Professional Services Agreement with Severn Trent Environmental Services, Inc. to operate, maintain and manage the water treatment plant and the collection and distribution system.

PROFESSIONAL SERVICES AGREEMENT

THE STATE OF ARIZONA §
 § **KNOW ALL MEN BY THESE PRESENTS THAT:**
COUNTY OF PINAL §

THIS PROFESSIONAL SERVICES AGREEMENT (Agreement) entered into as of the 31st day of May, 2002, by and between **SANTA CRUZ WATER COMPANY (Owner)**, a business located in Pinal County, Arizona, and acting by and through its duly authorized Directors and **SEVERN TRENT ENVIRONMENTAL SERVICES, INC. (STES)**, a Texas Corporation with offices located in Houston, Harris County, Texas.

WITNESSETH:

1. The Owner currently owns or plans to construct a water production and distribution system (collectively, the "**System**") which serves customers of the System, and is desirous of obtaining services for the competent operation, maintenance, and management of the System.
2. STES currently provides operations, maintenance, and management services for utility systems such as the System and is desirous of providing such services for the Owner.
3. The Owner and STES are desirous of entering into a definitive agreement pursuant to which STES shall operate, maintain and manage the System.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE promises, covenants and considerations hereinafter set forth, the sufficiency and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

I. SERVICES

A. ADMINISTRATIVE SERVICES

The following administrative services shall be provided at no additional cost to the Owner.

1. Organization. STES shall administer the work, activities, and operations of the System in accordance with the items in this Agreement.
2. Personnel. STES shall provide competent, trained personnel. System supervisors and/or operators shall be licensed or certified by the appropriate state governmental authority. Personnel shall be trained to be professional and courteous in dealing directly with the Owner's customers.

3. Training. STES shall maintain a continuing education program for all employees. Specifically, all System supervisors and operators shall attend a state certified or approved water or wastewater training course at least twice each year or otherwise receive a minimum of 40 hours of training each year, to the greatest extent practicable.
4. Start Up. When first assuming operations management of the System, STES shall:
 - a. Inventory and maintain a listing of all of the System's equipment including manufacturers' model and serial numbers, motor frame numbers and other such data as required to provide immediate information for the Scheduled Maintenance Program and repair or replacement of the System's equipment.
 - b. Assist in the preparation of an annual operating budget for the System.
5. Maintenance Scheduling. STES shall provide a Scheduled Maintenance Program for the System's equipment. Developed by STES, this computer program utilizes equipment manufacturer's recommendations and the System's equipment inventory to generate maintenance schedules. The resulting monthly schedule lists the specific System equipment to be serviced, the detailed service procedure, specified oil or grease to be used, and a history of service, maintenance and replacements.
6. 24 Hour Service. STES shall maintain 24 hour telephone and dispatch service with qualified personnel to respond to the System's customer problems and equipment malfunctions.
7. Automatic Telephone Alarm. STES shall monitor computer or automatic dialed telephone alarm systems at any of the System's facilities which are installed and programmed to call the STES 24-hour telephone dispatch service.
8. Employee Identification. STES operating and maintenance employees shall be readily identifiable to the Owner's customers by distinctive clothing. Service vehicles shall have the STES logo prominently displayed.
9. Coordination with Consultants. STES shall coordinate with the Owner's other consultants as necessary to maintain efficient operation of the System.
10. Inquiries and Correspondence. STES shall respond to routine inquiries or correspondence from the Owner's customers or consultants in a prompt, professional manner.

11. Owner Meetings. STES' Project Manager or Field Coordinator will attend regularly scheduled meetings which have an agenda item relating to the System's operations. The STES representative will have direct knowledge of the System's on-going operations or agenda items as appropriate.
12. Community Relations. Upon adequate notice, STES shall provide speakers qualified to make presentations to citizen groups, civic associations, and schools within the System. Subjects shall include utility regulations, water facilities operations and the System's budgeting and operations functions.
13. Customer Relations. STES shall render reasonable assistance in the promotion of good relations with the System's customers.

B. BASIC SERVICES

1. System Operations. STES shall provide personnel, vehicles and hand tools necessary for the routine operation of the Owner's System.
2. System Inspection. STES shall monitor the System's facilities daily, including weekends and holidays as required by state regulations.

STES employees, whenever they are within the System boundaries, shall monitor the System in order to observe condition of fire hydrants, leaks, defects, damage, and be alert for missing System equipment.

3. Daily Maintenance. STES shall provide the personnel and hand tools for maintenance tasks which do not utilize specialized tools or technical skills. This includes draining condensate in air compressors, maintaining oil levels on drip oilers, and exercising auxiliary engines.
4. Bulk Chemicals. STES shall arrange for an adequate inventory of chlorine and other bulk chemicals required to operate the System.
5. Expendable Items. STES shall, at the Owner's expense, replace those items expended in the daily operation of the System. Those items include, but are not limited to, brooms, mops, dip nets, rakes, shovels, trash cans, hoses, nozzles, padlocks, and other such items used at the System's facilities.
6. Operating Log. STES shall maintain an operating log at the System's water treatment plant which may be inspected by the Owner at any time. The logs shall include the following:
 - a. Flow records.
 - b. Notations recording repairs or replacements performed.

- c. Such other matters within the scope of STES' work, which the Owner may reasonably request.
7. Monthly Operations Report. STES shall render a monthly operations report, as requested by the Owner, which may include the following information:
- a. Correspondence to regulatory authorities as appropriate, including copies of all reports that may be required by governmental agencies.
 - b. Daily or monthly water production flow data at both the well source and the water plant.
 - c. The number of gallons of water pumped from the System's water system and the number of gallons billed to the System's customers.
 - d. Records regarding equipment repairs and replacements.
 - e. Abnormal change in condition of the System's equipment, needed repairs and recommendations as to the repair of such equipment.
 - f. Damage to the System and the possible causes thereof. In instances where the damage may be attributable to a contractor, builder, utility company or other entity, STES shall (on behalf of the Owner) backcharge the party responsible for such damage, including administrative costs thereof, and include such information in the monthly report.
 - g. Informational reports relating to compliance status of the System.
 - h. Statistics relating to overall System operations, as appropriate.
 - i. Summary and details of monthly invoices to the Owner, separated into specific budget categories.
 - j. Information and reports as may be required for audit of the System's service accounts.

Details of the above reports will be available to provide a clear audit trail of the System's water service transactions.

9. Regulatory Reports. STES shall prepare and submit routine monthly reports required by regulatory authorities and authorized by the Owner to receive such reports.

10. **Basic Services Fees.** The Owner agrees to compensate STES for the performance of these Basic Services as follows.

- a. For residential connections, the Owner shall pay STES a monthly fee equal to the number of single family units or their equivalent (i.e., apartment or townhouse units) that were connected as of the end of the month preceding the current months billing multiplied by \$3.00. Owner shall on a monthly basis provide STES with the number of actual connections for the month preceding the current months billing to determine the actual connections for the current months billing.
- b. For commercial connections, the Owner shall pay STES a monthly fee equal to the number of commercial connections that were connected as of the end of the month preceding the current months billing multiplied by \$3.00. Owner shall on a monthly basis provide STES with the number of actual connections for the month preceding the current months billing to determine the actual connections for the current months billing.

C. INSPECTION SERVICES

Inspections. STES shall perform inspections as requested or authorized by the Owner. Fees shall be based on the attached Schedule of Rates for personnel and equipment used. STES may also participate in site inspections with contractors prior to the start of building activity to assist in verifying the condition of the Owner's System.

D. MAINTENANCE, REPAIR AND REPLACEMENT SERVICES

1. **Maintenance.** STES shall provide personnel, tools and equipment to perform maintenance on the System's facilities and equipment as authorized by the Owner. Maintenance shall include, but not be limited to, the following:
 - a. Maintenance or replacement of pumps, motors, valves and other equipment or facilities.
 - b. Calibration and servicing of instrumentation, control systems and other equipment.
 - c. Other maintenance as necessary which requires special skills and/or tools, performed in conformance with equipment manufacturer's recommendations to maintain warranties and to extend the useful life of the equipment.
2. **Repair.** STES shall provide personnel and equipment to perform repairs on facilities, equipment, plants, collection and distribution systems as authorized by the Owner including, but not limited to, service line leaks, leaks at water meters, water main breaks, repairs to valves and fire hydrants.

3. Replacement. STES shall use a reasonable degree of care with respect to replacement of equipment or facilities but shall not be responsible to the Owner for any guarantees or warranties offered by others in connection with such equipment or facilities. STES agrees to make reasonable efforts to obtain for and assign to the Owner the normal guarantees or warranties associated with any replacement equipment.
4. Maintenance, Repair, and Replacement Fees. In an effort to reduce costs, STES shall attempt to schedule and perform these services during normal working hours, excluding holidays and weekends. Non-emergency work shall not be billed on an overtime rate unless prior approval is obtained from the Owner. Labor and equipment fees shall be in accordance with the attached Schedule of Rates for services.
5. Emergency Response. STES shall maintain personnel and equipment for emergency response 24 hours per day, seven days per week, 365 days per year. Emergencies shall include, but not be limited to, water leaks, water line breaks, loss of water pressure, degradation of water quality or water plant malfunctions that could result in regulatory or permit excursions, any response requested by the Owner or its representative or response to insistent resident concerns when necessary to maintain good relations.
6. Materials and Supplies. STES shall be paid at cost plus 10% for all materials and supplies used to provide services under this Agreement.

E. OTHER SERVICES

Unless otherwise specified, fees for other services shall be in accordance with the attached Schedule of Rates for services.

1. Landscape Services. STES shall provide services to maintain the landscape appearance compatible with the neighborhood at the System's facilities with routine trimming and lawn mowing as necessary.
2. Fire Hydrants. STES shall inspect the Owner's fire hydrants twice each year. A written report shall be submitted to designated fire departments as requested by the Owner.
3. Sampling and Testing. STES shall perform, or have performed, all sampling, testing and/or analyses as required by regulatory authorities or necessary for process control. This shall be paid for by the Owner. A summary of test results shall be submitted each month.
4. Special Studies/Reports. STES shall conduct studies or prepare special reports as requested by the Owner.

F. SUBCONTRACT SERVICES

1. STES Subcontractors. STES may subcontract such services hereunder as may, in STES' opinion, be desirable. Such STES subcontractors shall be considered, for the purpose of this Agreement, as employees of STES with STES retaining responsibility for such subcontractors' performance.
2. The Owner Subcontractors. The Owner reserves the right to directly employ subcontractors for certain maintenance work within the System. STES shall receive no supervision and inspection fees, and shall not be responsible in any way for services performed by subcontractors employed or paid directly by the Owner.

II. PAYMENT

STES shall submit statements and/or invoices for services to the Owner on a monthly basis. The Owner shall pay such statements and/or invoices within 30 days of receipt. The Owner agrees to pay interest at a rate of 10% per annum to STES for all amounts unpaid after 30 days. Interest shall accrue from the 31st day following receipt of statements and/or invoices until the date payment in full is made. Items awaiting backup data shall be excluded from interest charges.

III. INSURANCE AND INDEMNIFICATION

A. INSURANCE

Following the execution of this Agreement, STES shall furnish to the Owner, upon request, Certificates of Liability Insurance evidencing the following minimum insurance coverage:

1. Comprehensive General Liability

Bodily Injury and Property Damage	\$ 500,000
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2. Comprehensive Automobile Liability

Bodily Injury and Property Damage	\$ 500,000
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3. Worker's Compensation and Employer's Liability

	statutory
	\$ 100,000
4. Excess Liability

	\$1,000,000
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B. INDEMNIFICATION

The Owner and STES each agree to indemnify and save the other harmless from each's negligence or intentional conduct arising or done under this agreement and resulting in harm to another or another's property. The indemnity extends to all costs and expenses incurred, including reasonable attorney's fees, to defend against, settle or pay the claim asserted by another. In the event a claim is made by another against either the Owner or STES, notice shall immediately be given of the claim (unless the other has prior actual notice), in order that the other may determine whether its indemnity duty must be performed and in order to allow the indemnitor to perform indemnity.

The Owner agrees to indemnify and save STES harmless from and against any and all claims, damages, loss or liability for or on account of any injury or damages (including death) to any person or property, resulting from following the instructions or policies of the Owner, from any inadequacies or failures of the System, or by reason of any willful act or negligence on the part of the Owner's agents, employees or subcontractors.

In the event that any of the foregoing indemnification provisions shall be inapplicable or held unenforceable, the Operator and the Owner shall each contribute to any judgment against any party for which indemnity would otherwise be due from it hereunder, according to the percentage of fault of such indemnifying party, in accordance with the laws of the State of Arizona.

**IV.
MISCELLANEOUS PROVISIONS**

A. RESPONSIBILITIES

1. STES Responsibilities. STES shall exercise a reasonable degree of care and diligence in the operation and maintenance of the System in conformance with applicable laws, rules and regulations. However, STES is not responsible for, except in the event of STES negligence or failure to meet its obligations as provided for herein, the failure of the System to meet local, state or federal standards related to the adequacy, quality or quantity of the water supply provided by the System or for any direct or indirect loss, injury or damage resulting from the diminution or interruption of service within the System.
2. The Owner Responsibilities. The Owner represents that the System is in good working order, does not contain any known defective equipment or facilities, is suitable and adequate for the needs of its customers and that all of its facilities are, or shall be, built in accordance with local, state and federal regulations. The Owner shall provide:

- a. All utilities, plant facilities, improvements and modifications necessary to operate the System in a manner required to meet applicable regulations.
- b. A complete set of "As Built" drawings of the System and any improvements, water and wastewater tap standards, rate schedules and any other information necessary for the administration of the System.
- c. Safety equipment required at the plants, including, but not limited to, oxygen masks and supplies for the chlorination process.
- d. Meter reading
- e. Customer billing
- f. Meter turn off/On
- g. Disinfecting new lines

B. RELATIONSHIP OF THE OWNER AND STES

STES shall serve in the capacity of an independent contractor for the Owner during the period of this Agreement.

C. MONETARY AUTHORITY

If at any time a condition exists or arises which, in the opinion of STES, requires repairs or replacements in the System and the cost thereof exceeds the sum of \$1,000.00, STES shall obtain the consent of the Owner prior to making such repair or replacement. Notwithstanding the foregoing, however, if at any time a condition exists or arises which, in the opinion of STES, is of an emergency nature and requires the immediate repair or replacement of equipment regardless of the amount, STES, after reasonable attempts to obtain consent, shall proceed with such repair or replacement without the necessity of obtaining the consent of the Owner. The failure to obtain such consent prior to the making of such emergency repair or replacement shall not affect the obligation of the Owner to compensate STES for any work performed.

D. FORCE MAJEURE

In the event that STES or the Owner is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, it is agreed that each party shall give written notice of such force majeure to the other party as soon as possible after the occurrence of the cause relied on and shall, therefore, be relieved of its obligations, so far as they are affected by such force majeure, during the continuance of any disabilities so caused, but for no longer. In the event that the period of suspension shall extend longer than thirty (30) days, either party shall have the privilege of terminating this Agreement.

In such event, the Owner shall pay STES compensation pursuant to this Agreement up to the date of termination. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability.

E. NON-COMPENSABLE ITEMS

The compensation to be paid to STES herein is exclusive of any tax, assessment, regulatory expense or other charge which may be imposed upon STES by any governmental authority as a result of performing its obligations pursuant to this Agreement other than taxes upon the purchase of material, utilities, supplies, and parts. In the event STES is required by applicable law or regulation to pay or collect any such tax, assessment or regulatory expense or other charge on account of this Agreement or its performance hereunder, then the amount thereof shall be reimbursed to STES by the Owner (in addition to the compensation provided herein). However, STES shall be responsible at its own expense for all payroll taxes, corporate income and franchise taxes arising out of its operations.

F. AMENDMENT

The attached Schedule of Rates is guaranteed for one year from the effective date of this Agreement. Future rate increases, if any, will become effective 30 days after written notification is given to the Owner by STES. No other alteration, modification or amendment of this Agreement shall be made except in writing and signed by the Owner and STES.

G. NOTICE

Whenever the provisions of this Agreement require notice to be given, such notice shall be given in writing by certified or registered mail and addressed to the party for whom intended at its then address of record and such notice shall be deemed to have been given when the notice was then mailed.

Notices required to be given to STES shall be addressed to:

Severn Trent Environmental Services, Inc.
3333 South Old Price Road
Chandler, AZ 85248
Attn: Donal MacInnes

Notices required to be given to the Owner shall be addressed to:

Santa Cruz Water Company
426 N. 44th St., Ste. 100
Phoenix, AZ 85008
Attn: Lawrence S. Braund

H. TERM

This Agreement shall be effective as of the date agreed herein, and shall continue thereafter from year to year subject, however, to termination by either the Owner or STES for any reason at any time by giving thirty (30) days advance written notice to the other.

STES shall commence performance of this Agreement on a date to be specified by the Owner and agreed to by STES. In the event that this Agreement is terminated for any reason, all billing cards, meter reading records, billing and collecting forms, and other materials pertaining to the billing and collection of accounts of the Owner, all reports, maintenance logs and such other information that the Owner may request in relation to the operations, maintenance and systems reporting as may have been required by governmental regulatory agencies shall be furnished by STES to the Owner at no cost to the Owner.

V.

CAPTIONS

The section headings or paragraph captions herein are used for convenience of reference only and not intended to define, extend or limit any provision of this contract.

VI.

EXECUTION OF AGREEMENT

IN WITNESS WHEREOF, the Owner and STES have caused this Agreement to be executed by their duly authorized officers.

SANTA CRUZ WATER
COMPANY, L.L.C.

SEVERN TRENT ENVIRONMENTAL
SERVICES, INC.

By: Michael R. Roubel

By: Don R. Roubel

Title: President

Title: VP - OPERATIONS

Date: 5/31/02

Date: 6/10/02

SCHEDULE OF STANDARD RATES

The following is a partial list of STES charges showing the current hourly rate schedule.

Supervisor/Foreman	\$ 47.50 per hour
Licensed Operator	\$ 35.00 per hour
Backhoe Operator	\$ 35.00 per hour
Laborer/Helper	\$ 26.00 per hour
Electrician	\$ 46.00 per hour
Crane Foreman/Pump Mechanic.....	\$ 38.00 per hour
Crane Assistant/PM Technician.....	\$ 24.00 per hour
Chlorine Technician.....	\$ 46.00 per hour
Environmental Specialist	\$ 47.50 per hour
Maintenance Manager.....	\$ 50.00 per hour
Clerical.....	\$ 22.00 per hour
Utility Vehicle/Service Truck	\$ 10.50 per hour
Electrical & Mechanical Vehicle	\$ 17.50 per hour
Crane Truck	\$ 27.50 per hour
Dump Truck w/Operator.....	\$ 37.00 per hour
Backhoe.....	\$ 30.00 per hour
Lowboy Trailer.....	\$ 8.50 per hour
2" Utility Pump	\$ 8.50 per hour
3" Utility Pump	\$ 10.50 per hour
Welding Machine.....	\$ 10.00 per hour
*Air Scouring Unit (water line cleaner) (4-hour min.)	\$100.00 per hour
Air Compressor.....	\$ 22.50 per hour

Outside contractor and materials billed at cost plus 10%.

Overtime rates of time and one-half will apply for work performed before 7:30 a.m. and after 4:00 p.m. in excess of eight (8) hours per day or 40 hours per week, and on weekends and holidays. Holidays are New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day and Christmas Day.

*These units will be available on a per-foot based cost quoted by job.

**Listing of
Fixed Assets,
Regulatory Approvals,
Financial Liabilities,
and Management
Arrangements

for
Palo Verde Utilities Co.**

Palo Verde Utilities Company, L.L.C.

Fixed Assets

As of September 30, 2003

Fixed Assets Under Construction

Plant

Lift Station Fence & Gate	\$	4,339.59	
Cobb Pump Station		10,650.00	
Plant Design Overview		11,089.83	
Plant Construction of Waste Water Phase II:			
Electrical Panel		52,802.40	
Soft Costs (Engg & Lgl)		10,302.71	
Waste Water Phase II - Other		27,518.35	
Building		234,378.50	
Concrete Work		1,008,010.26	
Construction Management		175,000.00	
Electrical		187,551.46	
Engineering		623,015.00	
Force Main		15,768.65	
Generator for WWTP II		184,671.66	
Mechanical		244,743.80	
Plant Equipment		1,719,641.74	
Polymer Mixer and Chem Feed Sys		19,966.50	
Retainage		11,240.40	
Sales Tax		162,943.02	
Site Construction		304,195.91	
Temp Elec Pwr		3,845.50	
WWTP Ph II - Other		1,033.00	
	\$		<u>5,012,708.28</u>

Backbone, Collection Infrastructure

Smith-Enke Force Mains	\$	482,947.01	
Cobb Force Main		52,280.58	
Trunk Sewer Line		1,042,793.74	
Villages Backbone		113,195.89	
Backbone Sewer-Acacia		4,569.00	
Cobb Sewer Backbone		155,360.76	
Collection Sewers-Force Phasel		12,647.45	
Development		36,249.39	
Engle Province Backbone		99,425.49	
Santa Rosa Wash 30" Sewer Line		298,243.59	
Sewer Main Extension		28,140.61	
	\$		<u>2,325,853.51</u>

Palo Verde Utilities Company, L.L.C.

Fixed Assets

As of September 30, 2003

Reclaimed Water

Reclaimed Water-WWTP to S-E	\$ 156,893.88	
Reclaimed Water Line-Vlgs/Prov	530,602.33	
Reclaimed Water Line Ph I & II	69,385.04	
Smith-Enke Reclaimed Wtr	2,015.00	
Cobb Reclaimed Wtr	1,360.00	
RED Reclaimed Water	7,352.45	
Porter-Smith-Enke Reclaim Water	15,451.02	
	<u>\$ 783,059.72</u>	

Master Plans, Study, CAAG 208

208 Amendment	\$ 23,128.30	
NPDES Permit	11,380.10	
Sewer Master Plan	24,310.91	
Surveying	4,500.00	
Effluent Management Design	39,678.25	
Phase IIA	492.62	
Phase IIB	222.62	
Soft Costs - Misc.	2,639.13	
	<u>\$ 106,351.93</u>	

Total Fixed Assets Under Construction

<u>\$ 8,227,973.44</u>	<u>\$ 8,227,973.44</u>
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Utility Plant in Service

351 - Organization	\$ 88,723.00	
353 - Land and Land Rights	164,670.00	
354 - Structures / Improvements	994,415.48	
360 - Collection Sewers - Force	1,728,493.22	
363 - Services to Customers	216,930.82	
370 - Receiving Wells	104,019.00	
371 - Pumping equipment	59,743.00	
381 - Plant Sewers	75,068.00	
382 - Outfall Sewer Lines	350,836.96	
390 - Office Furniture / Equip	22,887.30	

Total Utility Plant in Service	<u>\$ 3,805,786.78</u>
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Total Fixed Assets	<u><u>\$ 12,033,760.22</u></u>
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10/06/03

Accrual Basis

Palo Verde Utilities Company, L.L.C.

Custom Transaction Detail Report

January 2001 through September 2003

Type	Date	Nm	Name	Memo	Account	Amount
Construction Work in Progress						
General Journal	12/31/2001			ACC Annual Report 2001	Construction Work in Progress	2,459,988.00
General Journal	3/31/2002			Sewer plant in use	Construction Work in Progress	-2,459,988.00
Total Construction Work in Progress						0.00
Fixed Assets Under Construction						
208 Amendment						
Bill	4/14/2003	thru 032903	GTA Engineering, Inc.		208 Amendment	420.00
Bill	5/7/2003	0307-PV208	GTA Engineering, Inc.	0307-PV208	208 Amendment	2,835.80
Bill	6/7/2003	208 Jun 7	GTA Engineering, Inc.	208 amendment	208 Amendment	3,970.95
Bill	7/16/2003	0071603	GTA Engineering, Inc.	0071603	208 Amendment	3,314.81
Bill	8/14/2003	Inv# 080903	GTA Engineering, Inc.	Inv# 080903	208 Amendment	10,424.80
Bill	8/31/2003	208 Amendment	GTA Engineering, Inc.	208 Amendment	208 Amendment	2,161.94
Total 208 Amendment						23,128.30
Backbone Sewer-Acacia						
Bill	5/7/2003	Inv# 2145	View Pipe Inc.	Inv# 2145	Backbone Sewer-Acacia	1,613.04
Bill	8/15/2003	Inv# 395919-A	View Pipe Inc.	Video Tape Sewer	Backbone Sewer-Acacia	1,420.16
Bill	8/20/2003	Inv# 395932-B	View Pipe Inc.	Inv# 395932-B	Backbone Sewer-Acacia	1,535.80
Total Backbone Sewer-Acacia						4,569.00
Cobb Force Main						
Bill	9/25/2003	Inv# 964	Lee's Pipelines, Inc.	Inv# 964	Cobb Force Main	52,280.58
Total Cobb Force Main						52,280.58
Cobb Pump Station						
Soft Costs (Engg & Lgl)						
Bill	7/16/2003	071603	GTA Engineering, Inc.	071603	Soft Costs (Engg & Lgl)	2,512.50
Total Soft Costs (Engg & Lgl)						2,512.50
Cobb Pump Station - Other						
Bill	6/7/2003	Cobb Jun 7	GTA Engineering, Inc.		Cobb Pump Station	4,993.20
Bill	8/14/2003	Inv# 08092003	GTA Engineering, Inc.	Backbone	Cobb Pump Station	3,144.30
Total Cobb Pump Station - Other						8,137.50
Total Cobb Pump Station						10,650.00
Cobb Reclaimed Wtr						
Soft Costs (Engg & Lgl)						
Bill	5/31/2003	7486	JMI & Associates		Soft Costs (Engg & Lgl)	1,360.00
Total Soft Costs (Engg & Lgl)						1,360.00
Total Cobb Reclaimed Wtr						1,360.00
Cobb Sewer Backbone						
Soft Costs (Engg & Lgl)						
Total Cobb Sewer Backbone						1,360.00

Palo Verde Utilities Company, L.L.C.
Custom Transaction Detail Report
 January 2001 through September 2003

4:42 PM
 10/06/03
 Accrual Basis

Type	Date	Nm	Name	Memo	Account	Amount
General Journal	7/31/2003			PDC Engg Pd by WM280	Soft Costs (Engg & Lgl)	50,714.05
Total Soft Costs (Engg & Lgl)						50,714.05
Cobb Sewer Backbone - Other						
Bill	9/18/2003	03-0200.lo1	Geotechnical & Environmental...	Material Testing	Cobb Sewer Backbone	254.50
Bill	9/25/2003	Inv# 963	Lee's Pipelines, Inc.	Inv# 963	Cobb Sewer Backbone	104,392.21
Total Cobb Sewer Backbone - Other						104,646.71
Total Cobb Sewer Backbone						155,360.76
Collection Sewers-Force Phasel						
Bill	7/21/2003	Inv#1107 Appl#5	Wescon Corporation	Test RED Phl Force Main to G...	Collection Sewers-Force Phasel	12,647.45
Total Collection Sewers-Force Phasel						12,647.45
Development						
Soft Costs (Engg & Lgl)						
General Journal	12/31/2002			GTA Engr	Soft Costs (Engg & Lgl)	352.30
General Journal	12/31/2002			JMI	Soft Costs (Engg & Lgl)	315.00
Bill	1/9/2003	220069708	Construction Inspection & Tes...		Soft Costs (Engg & Lgl)	680.00
Bill	1/30/2003	Inv# 7107	JMI & Associates	Inv# 7107	Soft Costs (Engg & Lgl)	2,992.50
Bill	1/31/2003	Inv#7175	JMI & Associates	Inv#7175	Soft Costs (Engg & Lgl)	6,435.00
Bill	4/3/2003	Inv#7243	JMI & Associates	Inv# 7243	Soft Costs (Engg & Lgl)	1,215.00
Bill	4/14/2003	thru 032903	GTA Engineering, Inc.	Smith-Enke, lift stations, force...	Soft Costs (Engg & Lgl)	5,137.50
Bill	5/1/2003	Inv#7416	JMI & Associates	Inv#7416	Soft Costs (Engg & Lgl)	495.00
Total Soft Costs (Engg & Lgl)						17,622.30
Development - Other						
Bill	5/28/2002	work thru 5/25	GTA Engineering, Inc.	Consulting services	Development	1,602.50
General Journal	5/31/2002	I/C entry		Roberts and Rowley/PACE	Development	1,025.00
General Journal	6/30/2002	I/C entry		Master Sewer (JMI)	Development	190.00
Bill	7/15/2002	Video Ph 1 Sewer	Pipeline Video Inspection		Development	2,678.20
Bill	7/30/2002	thru 072702	GTA Engineering, Inc.		Development	3,244.80
General Journal	7/31/2002	I/C Entry		JMI Sewer Field Inspect	Development	380.00
General Journal	7/31/2002	I/C Entry		Phal City Dev Svcs	Development	400.30
General Journal	7/31/2002	I/C Entry		Roberts PERC LOI review	Development	270.00
Bill	8/28/2002	22006090	Construction Inspection & Tes...	Soil Investigation Report	Development	1,900.00
Bill	9/5/2002	083102	GTA Engineering, Inc.	Phase II	Development	2,793.85
Bill	9/6/2002	WWTP Ph II	Arizona Dept of Environmenta...	WWTP Ph II	Development	1,000.00
Bill	2/3/2003	Inv dtd 03/03/03	Pipeline Video Inspection	Video #13, 16/17 and infr RED...	Development	3,142.44
Total Development - Other						18,627.09
Total Development						36,249.39
Effluent Management Design						
Bill	5/7/2003	0309-PVEffluent	GTA Engineering, Inc.	0309-PVEffluent	Effluent Management Design	10,315.50
Bill	6/7/2003	Eff mgmt Jun y	GTA Engineering, Inc.	Eff mgmt	Effluent Management Design	7,339.60
Bill	7/12/2003	071203	GTA Engineering, Inc.	071203	Effluent Management Design	3,555.00

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Type	Date	Num	Name	Memo	Account	Amount
Bill	8/14/2003	Inv# 08092003-2	GTA Engineering, Inc.	Inv# 08092003-2	Effluent Management Design	9,229.40
Bill	8/25/2003	Type 2 Reuse Permit	Arizona Dept of Environmental...	Type 2 Reuse Permit	Effluent Management Design	300.00
Bill	8/25/2003	Type 2 Reuse Permit	Arizona Dept of Environmental...	Type 2 Reuse Permit	Effluent Management Design	300.00
Bill	8/25/2003	Type 2 Reuse Permit	Arizona Dept of Environmental...	Type 2 Reuse Permit	Effluent Management Design	300.00
Bill	8/26/2003	Type 2 Reuse Permit	Arizona Dept of Environmental...	Type 2 Reuse Permit	Effluent Management Design	300.00
Bill	8/31/2003	Effluent Mgmt Des	GTA Engineering, Inc.	Effluent Mgmt Des	Effluent Management Design	8,038.75
Total Effluent Management Design						
Engle Province Backbone						
Bill	7/30/2003	916	Lee's Pipelines, Inc.	916	Engle Province Backbone	96,460.95
Bill	8/15/2003	Inv# 395919-B	View Pipe Inc.	VideoTape Sewer	Engle Province Backbone	1,008.88
Bill	8/18/2003	395932-A	View Pipe Inc.	395932-A	Engle Province Backbone	182.60
General Journal	8/31/2003				Engle Province Backbone	940.56
Bill	9/1/2003	Inv# 7695	JMI & Associates	Inv# 7695	Engle Province Backbone	832.50
Total Engle Province Backbone						
Generator for WWTP II						
Bill	11/21/2002	GEN S/N 7GM00880	Industrial Diesel, Inc.	CAT 00000HMC00305	Generator for WWTP II	15,500.00
Bill	12/13/2002	Inv# 037043	Industrial Diesel, Inc.	Inv# 037043	Generator for WWTP II	139,500.00
Bill	12/13/2002	Freight Inv# 037043	Industrial Diesel, Inc.	Freight Inv# 037043	Generator for WWTP II	2,679.50
Bill	12/20/2002	Inv# 4-501-45817	Fed Ex	Inv# 4-501-45817	Generator for WWTP II	14.02
Bill	2/24/2003	11 033467-Z Jan03	Arizona Dept of Revenue	11 033467-Z Jan03	Generator for WWTP II	9,368.20
Bill	4/16/2003	46595	Southwest Industrial Rigging	Storage thru 03/31/03	Generator for WWTP II	540.50
Bill	4/18/2003	33880	Klein and Hoffman, Inc.	Engineering for foundation	Generator for WWTP II	3,000.00
Bill	5/9/2003	46905	Southwest Industrial Rigging	April Storage	Generator for WWTP II	135.13
Bill	6/16/2003	47463	Southwest Industrial Rigging	Generator storage	Generator for WWTP II	135.13
Bill	7/16/2003	Inv#48062	Southwest Industrial Rigging	Storage	Generator for WWTP II	135.13
Bill	8/6/2003	Inv#48535	Southwest Industrial Rigging	Storage 7/1 to 7/31/03	Generator for WWTP II	13,000.00
Bill	8/31/2003	Inv# 130838	DEG Construction Co	Foundation	Generator for WWTP II	135.13
Bill	9/12/2003	Inv# 49712	Southwest Industrial Rigging	Storage	Generator for WWTP II	1,100.00
Bill	9/15/2003	130906	DEG Construction Co	130906	Generator for WWTP II	-706.21
General Journal	9/17/2003			refund of use tax	Generator for WWTP II	
Total Generator for WWTP II						
Lift Station Fence & Gate						
Bill	2/13/2003	Inv# 045403	United Fence Company, Inc.	Inv# 045403	Lift Station Fence & Gate	4,339.59
Total Lift Station Fence & Gate						
Mechanical						
Bill	9/30/2003	4829	AquaTec, Inc.	Piping PVC	Mechanical	29,370.00
Bill	9/30/2003	4829	AquaTec, Inc.	Plumbing	Mechanical	3,315.00
Bill	9/30/2003	4829	AquaTec, Inc.	HVAC	Mechanical	15,265.00
Bill	9/30/2003	4829	AquaTec, Inc.	Odor Control Ducting	Mechanical	15,265.00
Total Mechanical						

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Bill	4/14/2003	NPDES permit	GTA Engineering, Inc.		Soft Costs (Engg & Lgl)	225.00
Bill	5/7/2003	0308-PV/NPDES	GTA Engineering, Inc.	0308-PV/NPDES	Soft Costs (Engg & Lgl)	5,702.10
Bill	6/7/2003	NPDES Jun 7	GTA Engineering, Inc.	NPDES	Soft Costs (Engg & Lgl)	1,022.40
Bill	7/16/2003	7122003	GTA Engineering, Inc.	7122003	Soft Costs (Engg & Lgl)	480.00
Total Soft Costs (Engg & Lgl)						7,429.50
NPDES Permit - Other						
Bill	8/31/2003	NPDES Permit	GTA Engineering, Inc.	NPDES Permit	NPDES Permit	3,950.60
Total NPDES Permit - Other						3,950.60
Total NPDES Permit						11,380.10
Phase IIA						
Soft Costs (Engg & Lgl)						
Bill	6/1/2003	Inv# 7484	JMI & Associates	Inv# 7484	Soft Costs (Engg & Lgl)	270.00
Bill	7/30/2003	10"sewer pcl25-pcl9	Pinal County-Dept of Public W...	10"sewer fm PhilIA Pcl 25 to se...	Soft Costs (Engg & Lgl)	222.62
Total Soft Costs (Engg & Lgl)						492.62
Total Phase IIA						492.62
Phase IIB						
Soft Costs (Engg & Lgl)						
Bill	7/30/2003	10"sewer pcl27-pcl11	Pinal County-Dept of Public W...	10"sewer pcl27-pcl11	Soft Costs (Engg & Lgl)	222.62
Total Soft Costs (Engg & Lgl)						222.62
Total Phase IIB						222.62
Plant Design Overview						
Bill	4/30/2002		GTA Engineering, Inc.	Review of PERC proposals P...	Plant Design Overview	3,224.77
Bill	7/2/2002		GTA Engineering, Inc.		Plant Design Overview	2,399.80
Bill	10/9/2002		GTA Engineering, Inc.		Plant Design Overview	1,540.76
Bill	12/13/2002	Nov02	GTA Engineering, Inc.	Nov02	Plant Design Overview	3,272.00
Bill	2/13/2003	0301-Santa Cruz	GTA Engineering, Inc.	0301-Santa Cruz	Plant Design Overview	652.50
Total Plant Design Overview						11,089.83
Porter-Smith-Enke Reclaim Water						
Soft Costs (Lgl & Engg)						
Bill	7/16/2003	Sm-Enke Recl Wtr Ln	Pinal County-Dept of Public W...	Lee's Pipeline	Soft Costs (Lgl & Engg)	11,351.02
Total Soft Costs (Lgl & Engg)						11,351.02
Porter-Smith-Enke Reclaim Water - Other						
Bill	2/28/2003	Inv#7264	JMI & Associates	Inv#7264	Porter-Smith-Enke Reclaim Water	4,100.00
Bill	4/21/2003	Smith Enke Recl Wtr	Pinal County-Dept of Public W...	Smith Enke Recl Wtr	Porter-Smith-Enke Reclaim Water	0.00
Total Porter-Smith-Enke Reclaim Water - Other						4,100.00

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Total Porter-Smith-Enke Reclaim Water						15,451.02
Reclaimed Water-WWTP to S-E						
Bill	9/25/2003	Inv# 973	Lee's Pipelines, Inc.	Stored Materials	Reclaimed Water-WWTP to S-E	156,893.88
Total Reclaimed Water-WWTP to S-E						156,893.88
Reclaimed Water Line-Vlgs/Prov						
Bill	7/30/2003	915	Lee's Pipelines, Inc.	915	Reclaimed Water Line-Vlgs/Prov	102,580.69
Bill	8/27/2003	Inv# 948	Lee's Pipelines, Inc.	Inv# 948	Reclaimed Water Line-Vlgs/Prov	379,306.38
General Journal	8/31/2003				Reclaimed Water Line-Vlgs/Prov	1,000.23
Bill	8/31/2003	Inv# 7697	JMI & Associates	Inv# 7697	Reclaimed Water Line-Vlgs/Prov	127.50
Bill	9/25/2003	Inv# 972	Lee's Pipelines, Inc.	Villages To SE RD FM Cobble...	Reclaimed Water Line-Vlgs/Prov	47,587.53
Total Reclaimed Water Line-Vlgs/Prov						530,602.33
Reclaimed Water Line Ph I & II						
Soft Costs (Lgl & Engg)						
Bill	5/1/2003	Inv#7415	JMI & Associates	Inv#7415	Soft Costs (Lgl & Engg)	4,860.00
Bill	7/21/2003	PO058961	Thomas Reprographics	Prints	Soft Costs (Lgl & Engg)	16.29
Total Soft Costs (Lgl & Engg)						4,876.29
Reclaimed Water Line Ph I & II - Other						
Bill	11/8/2002	Appl# 9162-5	Wadsworth Golf Construction ...	Appl# 9162-5 Continental to rei...	Reclaimed Water Line Ph I & II	5,470.90
Bill	11/8/2002	Appl# 9162-6	Wadsworth Golf Construction ...	Appl# 9162-6 Continental to rei...	Reclaimed Water Line Ph I & II	7,364.12
Bill	12/30/2002	Inv# 728 Job 02-18	Lee's Pipelines, Inc.	Inv# 728 Job 02-18	Reclaimed Water Line Ph I & II	22,995.94
Bill	1/30/2003	Inv# 766	Lee's Pipelines, Inc.	Inv# 766	Reclaimed Water Line Ph I & II	3,942.16
Bill	3/31/2003	Inv#0218-01	Lee's Pipelines, Inc.	Inv#0218-01	Reclaimed Water Line Ph I & II	2,993.13
Bill	3/31/2003	Inv# 7320	JMI & Associates	Inv# 7320	Reclaimed Water Line Ph I & II	9,582.50
Bill	7/26/2003	Inv# 7596	JMI & Associates	Inv# 7596	Reclaimed Water Line Ph I & II	12,160.00
Total Reclaimed Water Line Ph I & II - Other						64,508.75
Total Reclaimed Water Line Ph I & II						69,385.04
RED Water						
Bill	3/31/2003	Inv# 815	Lee's Pipelines, Inc.	Inv# 815	RED Water	7,352.45
Total RED Water						7,352.45
Santa Rosa Wash 30" Sewer Line						
Soft Costs (Engg & Lgl)						
General Journal	12/31/2002					
Bill	1/30/2003	Inv# 7108	JMI & Associates	Roberts & Rowley Legal	Soft Costs (Engg & Lgl)	7,248.00
Bill	3/31/2003	Inv#17384	SWCA Environmental Consult...	Inv#17384	Soft Costs (Engg & Lgl)	1,465.00
Bill	4/3/2003	Inv# 7245	JMI & Associates	Inv# 7245	Soft Costs (Engg & Lgl)	1,100.00
Bill	5/1/2003	Inv#7417	JMI & Associates	Inv#7417	Soft Costs (Engg & Lgl)	380.00
Bill	6/1/2003	Inv# 7485	JMI & Associates	Inv# 7485	Soft Costs (Engg & Lgl)	180.00
Total Soft Costs (Engg & Lgl)						85.00
Total Soft Costs (Engg & Lgl)						10,458.00

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Santa Rosa Wash 30" Sewer Line - Other						
Bill	12/16/2002	Inv7062-Villages&Eng	JMI & Associates	Inv7062-Villages&Eng	Santa Rosa Wash 30" Sewer Line	1,577.50
Bill	1/31/2003	Inv# 7176	JMI & Associates	Inv# 7176	Santa Rosa Wash 30" Sewer Line	760.00
Bill	2/3/2003	Fees-30"line in wash	Arizona Dept of Environmenta...	Fees-30"line in wash	Santa Rosa Wash 30" Sewer Line	500.00
Bill	3/31/2003	Inv# 7342	JMI & Associates	Inv# 7342	Santa Rosa Wash 30" Sewer Line	170.00
Bill	6/30/2003	Inv# 887	Lee's Pipelines, Inc.	Inv# 7595	Santa Rosa Wash 30" Sewer Line	275,313.09
Bill	7/26/2003	Inv# 7595	JMI & Associates	Inv# 7598	Santa Rosa Wash 30" Sewer Line	1,520.00
Bill	7/26/2003	Inv# 7598	JMI & Associates	Inv# 7598	Santa Rosa Wash 30" Sewer Line	495.00
Bill	8/31/2003	Inv# 7699	JMI & Associates	Inv# 7699	Santa Rosa Wash 30" Sewer Line	1,890.00
Bill	8/31/2003	Inv# 7696	JMI & Associates	Inv# 7696	Santa Rosa Wash 30" Sewer Line	5,560.00
Total Santa Rosa Wash 30" Sewer Line - Other						287,785.59
Total Santa Rosa Wash 30" Sewer Line						
Total Santa Rosa Wash 30" Sewer Line						298,243.59
Sewer Main Extension						
Bill	11/8/2002	Appl# 8162-4	Wadsworth Golf Construction ...	Appl# 8162-4	Sewer Main Extension	23,186.84
Bill	12/13/2002	Job# 8162-5	Wadsworth Golf Construction ...	Job# 8162-5	Sewer Main Extension	4,953.77
Total Sewer Main Extension						28,140.61
Sewer Master Plan						
Soft Costs (Engg & Lgl)						
Bill	1/27/2003	Inv# 102619	Coe & Van Loo Consultants, I...	Inv# 102619	Soft Costs (Engg & Lgl)	20.21
Bill	1/27/2003	Inv# 102620	Coe & Van Loo Consultants, I...	Inv# 102620	Soft Costs (Engg & Lgl)	170.00
Total Soft Costs (Engg & Lgl)						190.21
Sewer Master Plan - Other						
Bill	5/28/2002	work thru 5/25	GTA Engineering, Inc.	Palo Verde Sewer Master Plan	Sewer Master Plan	2,592.10
Bill	7/2/2002		GTA Engineering, Inc.	Inv# 98138	Sewer Master Plan	660.85
Bill	10/31/2002	Inv# 98138	Coe & Van Loo Consultants, I...	Inv# 98138	Sewer Master Plan	497.50
Bill	11/25/2002	Inv# 6993	JMI & Associates	Inv# 99665	Sewer Master Plan	337.50
Bill	12/13/2002	Inv# 99665	Coe & Van Loo Consultants, I...	Inv# 100048	Sewer Master Plan	22.00
Bill	12/13/2002	Inv# 100048	Coe & Van Loo Consultants, I...	Inv# 101664	Sewer Master Plan	275.35
Bill	12/16/2002	Inv# 7061	JMI & Associates	Inv# 101664	Sewer Master Plan	585.00
Bill	11/1/2003	Inv# 101664	Coe & Van Loo Consultants, I...	Phase IIA	Sewer Master Plan	585.00
Bill	11/1/2003	For 10/15-11/02	Pipeline Video Inspection	Inv# 7594	Sewer Master Plan	6,805.40
Bill	7/26/2003	Inv# 7594	JMI & Associates	Inv# 7594	Sewer Master Plan	8,312.50
Bill	9/1/2003	Inv# 7695	JMI & Associates	Inv# 7695	Sewer Master Plan	3,447.50
Total Sewer Master Plan - Other						24,120.70
Total Sewer Master Plan						24,310.91
Smith-Enke Force Mains						
Soft Costs (Lgl & Engg)						
Bill	4/21/2003	Smith Enke Force Mn	Pinal County-Dept of Public W...	Smith Enke Force Mn	Soft Costs (Lgl & Engg)	0.00
Bill	5/1/2003	Inv#7418	JMI & Associates	Inv#7418	Soft Costs (Lgl & Engg)	690.00
Bill	6/1/2003	Inv# 7487	JMI & Associates	Inv# 7487	Soft Costs (Lgl & Engg)	1,267.50
Bill	7/30/2003	14"-24"fr mn-S-E Rd	Pinal County-Dept of Public W...	14"-24"force main-Smith-Enke ...	Soft Costs (Lgl & Engg)	12,039.18

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Bill	8/14/2003	FrcMnSwr-Sm-Enke ...	Arizona Dept of Environmenta...	Smith Enke ForceMains	Soft Costs (Lgl & Engg)	1,800.00
Total Soft Costs (Lgl & Engg)						
Total Soft Costs (Lgl & Engg)						
15,796.68						
Smith-Enke Force Mains - Other						
Bill	7/26/2003	Inv# 7597	JMI & Associates	Inv# 7597	Smith-Enke Force Mains	9,025.00
Bill	8/27/2003	Inv# 949	Lee's Pipelines, Inc.	Inv# 949	Smith-Enke Force Mains	453,949.34
Bill	9/1/2003	Inv# 7695	JMI & Associates	Inv# 7695	Smith-Enke Force Mains	180.00
Bill	9/30/2003	1150, Appl# 4	Wescon Corporation	1150, Appl# 4	Smith-Enke Force Mains	2,243.92
Bill	9/30/2003	1147, Appl# 3	Wescon Corporation	1147, Appl# 3	Smith-Enke Force Mains	1,752.07
Total Smith-Enke Force Mains - Other						
467,150.33						
Total Smith-Enke Force Mains						
482,947.01						
Smith-Enke Reclaimed Wtr						
Soft Costs (Engg & Lgl)						
Bill	5/31/2003	7486	JMI & Associates		Soft Costs (Engg & Lgl)	2,015.00
Total Soft Costs (Engg & Lgl)						
2,015.00						
Total Smith-Enke Reclaimed Wtr						
2,015.00						
Soft Costs - Misc.						
Bill	8/4/2003	P066668	Thomas Reprographics		Soft Costs - Misc.	35.57
Bill	8/5/2003	P066777	Thomas Reprographics		Soft Costs - Misc.	112.52
Total Soft Costs - Misc.						
148.09						
Surveying						
Bill	8/25/2003	JOB16-06-01AUG03	J.G. Ellis	JOB16-06-01AUG03	Surveying	4,500.00
Total Surveying						
4,500.00						
Trunk Sewer Line						
RED Commercial						
Bill	4/6/2003	Rd X'g Prmt 12" line	Pinal County-Dept of Public W...	Rd X'g Prmt 12" line	RED Commercial	280.00
Bill	5/8/2003	Inv#847	Lee's Pipelines, Inc.	Inv#847	RED Commercial	6,778.85
Total RED Commercial						
7,058.85						
Soft Costs (Engg & Lgl)						
Bill	1/27/2003	Inv# 102621	Coe & Van Loo Consultants, I...	Inv# 102621	Soft Costs (Engg & Lgl)	4,887.50
Bill	3/19/2003	Inv# 104397	Coe & Van Loo Consultants, I...	Inv# 104397	Soft Costs (Engg & Lgl)	3,910.00
Bill	3/19/2003	Inv# 104396	Coe & Van Loo Consultants, I...	Inv# 104396	Soft Costs (Engg & Lgl)	315.00
Bill	4/22/2003	Inv# 106610	Coe & Van Loo Consultants, I...	Inv# 106610	Soft Costs (Engg & Lgl)	181.60
Bill	5/22/2003	Inv# 107739	Coe & Van Loo Consultants, I...	Inv# 107739	Soft Costs (Engg & Lgl)	9.73
Bill	5/22/2003	Inv# 107740	Coe & Van Loo Consultants, I...	Inv# 107740	Soft Costs (Engg & Lgl)	157.50
Total Soft Costs (Engg & Lgl)						
9,461.33						
Trunk Sewer Line - Other						
Bill	8/1/2002	Trunk Swr Acacia Cr	Arizona Dept of Environmenta...	Trunk Sewer Line - Acacia Cro...	Trunk Sewer Line	1,500.00

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Type	Date	Num	Name	Memo	Account	Amount
Bill	9/20/2002	Permit Fee-Acacia	Pinal County	Sewer Main in Smith-Enke Rd ...	Trunk Sewer Line	8,580.64
Bill	10/31/2002	Inv# 98133	Coe & Van Loo Consultants, I...	Inv# 98133	Trunk Sewer Line	48.36
Bill	10/31/2002	Inv# 98137	Coe & Van Loo Consultants, I...	Inv# 98137	Trunk Sewer Line	1,462.50
Bill	11/8/2002	Inv# 681	Lee's Pipelines, Inc.	Inv# 681	Trunk Sewer Line	142,762.58
Bill	11/25/2002	Acct#1001 / Inv#8985	Santa Cruz Water Company, ...	Acct#1001 / Inv#8985	Trunk Sewer Line	2,960.23
Bill	12/13/2002	Job#02-18 Nov02	Lee's Pipelines, Inc.	Job#02-18 Nov02	Trunk Sewer Line	237,580.96
Bill	12/13/2002	Inv# 99667	Coe & Van Loo Consultants, I...	Inv# 99667	Trunk Sewer Line	1,955.00
Bill	12/13/2002	Inv# 99668	Coe & Van Loo Consultants, I...	Inv# 99668	Trunk Sewer Line	15.00
Bill	12/13/2002	Inv# 100046	Coe & Van Loo Consultants, I...	Inv# 100046	Trunk Sewer Line	1,650.00
Bill	12/13/2002	Inv# 100072	Coe & Van Loo Consultants, I...	Inv# 100072	Trunk Sewer Line	735.00
Bill	12/30/2002	Inv# 726 Job 02-18	Lee's Pipelines, Inc.	Inv# 726 Job 02-18	Trunk Sewer Line	269,906.69
Bill	1/1/2003	Inv# 101665	Coe & Van Loo Consultants, I...	Inv# 101665	Trunk Sewer Line	6,842.50
Bill	1/1/2003	Inv# 101660	Coe & Van Loo Consultants, I...	Inv# 101660	Trunk Sewer Line	132.61
Bill	1/16/2003	Acct1001/Inv10292	Santa Cruz Water Company, ...	Acct1001/Inv10292	Trunk Sewer Line	390.00
Bill	1/30/2003	Inv# 769	Lee's Pipelines, Inc.	Inv# 769	Trunk Sewer Line	232,934.84
Bill	2/18/2003	Acct#1001/Inv#11969	Santa Cruz Water Company, ...	Acct#1001/Inv#11969	Trunk Sewer Line	330.42
Bill	3/19/2003	Inv# 2094	View Pipe Inc.	PO# Ruben-Lee's Pipeline	Trunk Sewer Line	2,400.40
Bill	3/31/2003	Inv# 7319	JMI & Associates	Inv# 7319	Trunk Sewer Line	495.00
Bill	3/31/2003	Inv# 7321	JMI & Associates	Inv# 7321	Trunk Sewer Line	7,485.00
Bill	4/14/2003	Inv#14246	Santa Cruz Water Company, ...	Inv#14246	Trunk Sewer Line	2,320.98
Bill	4/22/2003	Inv# 106609	Coe & Van Loo Consultants, I...	Inv# 106609	Trunk Sewer Line	1,955.00
Bill	4/29/2003	Inv#218-02	Lee's Pipelines, Inc.	retention	Trunk Sewer Line	98,131.68
General Journal	5/31/2003		Construction Inspection & Tes...	I/C Const Water	Trunk Sewer Line	1,293.17
Bill	6/13/2003	Inv#220076963			Trunk Sewer Line	2,405.00
Total Trunk Sewer Line - Other						1,026,273.56
Total Trunk Sewer Line						1,042,793.74
Villages Backbone						
General Journal	2/26/2003			I/C fm SCWC	Villages Backbone	18,555.00
Bill	8/15/2003	Inv# 395919-B	View Pipe Inc.	Video Tape Sewer	Villages Backbone	419.38
Bill	8/26/2003	JOB# 03-03AUG03	EPS Group, Inc.	Villages@RED Sewer Staking	Villages Backbone	2,875.00
Bill	8/27/2003	Inv# 952	Lee's Pipelines, Inc.	Inv# 952	Villages Backbone	90,350.59
Bill	8/31/2003	Inv# 7698	JMI & Associates	Inv# 7698	Villages Backbone	450.00
Bill	9/19/2003	Inv# 396003	View Pipe Inc.	Video Tape	Villages Backbone	545.92
Total Villages Backbone						113,195.89
Waste Water Phase II						
Electrical Panel						
Bill	7/25/2003	1	Sturgeon Electric		Electrical Panel	52,802.40
Total Electrical Panel						52,802.40
Soft Costs (Engg & Lgl)						
Bill	1/4/2003	010403	GTA Engineering, Inc.		Soft Costs (Engg & Lgl)	1,998.94
Bill	2/6/2003	Thru 020103	GTA Engineering, Inc.	APP plus	Soft Costs (Engg & Lgl)	1,073.10
Bill	3/7/2003	Thru 03/01/03	GTA Engineering, Inc.	Effluent Mgmt Design	Soft Costs (Engg & Lgl)	645.20
Bill	4/14/2003	thru 032903	GTA Engineering, Inc.	WWTP	Soft Costs (Engg & Lgl)	1,040.00
Bill	6/7/2003	thru Jun 7	GTA Engineering, Inc.		Soft Costs (Engg & Lgl)	5,545.47

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Type	Date	Num	Name	Memo	Account	Amount
Total Soft Costs (Engg & Lgl)						
Waste Water Phase II - Other						
Bill	11/14/2002	Job0026-110202	GTA Engineering, Inc.	Job0026-110202	Waste Water Phase II	10,302.71
Bill	11/14/2002	Acct 1020/Inv#8154	Santa Cruz Water Company, ...	Acct 1020/Inv#8154	Waste Water Phase II	5,218.19
Bill	11/25/2002	Inv# 6993	JMI & Associates		Waste Water Phase II	26.65
Bill	12/16/2002	Inv# 7061	JMI & Associates	Inv# 7061	Waste Water Phase II	337.50
Bill	12/19/2002	Acct# 1020 Dec02	Santa Cruz Water Company, ...	Acct# 1020 Dec02	Waste Water Phase II	1,035.00
General Journal	12/31/2002			Water bill	Waste Water Phase II	538.42
General Journal	12/31/2002			ADEQ	Waste Water Phase II	994.70
Bill	1/16/2003	Acct1020/Inv10295	Santa Cruz Water Company, ...	Acct1020/Inv10295	Waste Water Phase II	1,500.00
Bill	1/16/2003	10295	Santa Cruz Water Company, ...	Water for AquaTec	Waste Water Phase II	0.00
Bill	2/7/2003	56988	Arizona Dept of Environmenta...	APP permit balance	Waste Water Phase II	487.76
Bill	2/17/2003	11972 Acct 1020	Santa Cruz Water Company, ...	11972 Acct 1020 wtr for AquaT...	Waste Water Phase II	2,507.50
Bill	3/14/2003	#56988 Aqu Prot Perm	Arizona Dept of Environmenta...	#56988 Aqu Prot Perm	Waste Water Phase II	234.86
Bill	3/19/2003	12939	Santa Cruz Water Company, ...	Water for AquaTec	Waste Water Phase II	3,019.50
Bill	4/17/2003	14225	Santa Cruz Water Company, ...	Water for AquaTec	Waste Water Phase II	12.66
Bill	5/7/2003	0026-PalVerdUti	GTA Engineering, Inc.	0026-PalVerdUti	Waste Water Phase II	792.08
Bill	5/29/2003	15675	Santa Cruz Water Company, ...	Balance APP fee	Waste Water Phase II	2,549.90
Bill	6/3/2003	56988	Arizona Dept of Environmenta...		Waste Water Phase II	126.26
Bill	6/26/2003	17179	Santa Cruz Water Company, ...	71203	Waste Water Phase II	1,102.50
Bill	7/16/2003	71203	GTA Engineering, Inc.	Inv# 080903-3	Waste Water Phase II	109.37
Bill	8/14/2003	Inv# 080903 -3	GTA Engineering, Inc.	consulting svcs	Waste Water Phase II	2,864.90
Bill	8/31/2003	consulting svcs	GTA Engineering, Inc.		Waste Water Phase II	3,065.70
Total Waste Water Phase II - Other						994.90
Total Waste Water Phase II						27,518.35
Total Waste Water Phase II						90,623.46
WWTP Ph II Building						
Bill	6/30/2003	4811	AquaTec, Inc.	Masonry	Building	27,121.50
Bill	6/30/2003	4811	AquaTec, Inc.	Metals	Building	2,344.50
Bill	6/30/2003	4811	AquaTec, Inc.	Woods & Plastics	Building	4,396.50
Bill	7/31/2003	4815	AquaTec, Inc.	Metal	Building	79,438.50
Bill	7/31/2003	4815	AquaTec, Inc.	Wood and Plastics	Building	3,406.50
Bill	7/31/2003	4823	AquaTec, Inc.	Thermal Moisture Protection	Building	12,501.00
Bill	8/31/2003	4823	AquaTec, Inc.	Doors and Windows	Building	15,040.00
Bill	8/31/2003	4823	AquaTec, Inc.	Finishes	Building	8,510.00
Bill	8/31/2003	4823	AquaTec, Inc.		Building	32,750.00
Total Building						27,100.00
Total Building						21,770.00
Total Building						234,378.50
Concrete Work						
Bill	12/24/2002	Inv# 4779	AquaTec, Inc.	Inv# 4779	Concrete Work	170,401.50
Bill	1/31/2003	4782	AquaTec, Inc.	Jan work	Concrete Work	216,382.50
Bill	2/28/2003	4791	AquaTec, Inc., SDB, Inc. and ...		Concrete Work	18,492.24
Bill	2/28/2003	4791	AquaTec, Inc., SDB, Inc. and ...		Concrete Work	24,984.00

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Type	Date	Num	Name	Memo	Account	Amount
Bill	2/28/2003	4791	AquaTec, Inc. and SDB, Inc.	Bal of conditional waiver less 1...	Concrete Work	47,642.60
Bill	2/28/2003	4791	AquaTec, Inc.	10% of SDB conditional waiver	Concrete Work	10,124.32
Bill	3/28/2003	4795	AquaTec, Inc.	Tank Walls	Concrete Work	132,030.00
Bill	3/28/2003	4795	AquaTec, Inc.	Tank Roof	Concrete Work	67,284.00
Bill	4/30/2003	4796	AquaTec, Inc.	Tank Walls	Concrete Work	56,159.10
Bill	4/30/2003	4796	AquaTec, Inc.	Tank Roof	Concrete Work	110,101.50
Bill	5/30/2003	4803	AquaTec, Inc.	roof deck	Concrete Work	128,452.50
Bill	6/30/2003	4811	AquaTec, Inc.		Concrete Work	7,128.00
Bill	7/31/2003	4815	AquaTec, Inc.		Concrete Work	18,828.00
Credit	8/20/2003		AquaTec, Inc.	Concrete work w SDB	Concrete Work	-14,198.00
Bill	9/30/2003	4829 reverse cr	AquaTec, Inc.	Repair work done for sub nonp...	Concrete Work	14,198.00
Total Concrete Work						1,008,010.26
Construction Management						
Bill	12/19/2002	Inv# 4776	AquaTec, Inc.		Construction Management	21,875.00
Bill	12/24/2002	Inv# 4779	AquaTec, Inc.		Construction Management	21,875.00
Bill	1/31/2003	4782	AquaTec, Inc.	Jan work	Construction Management	21,875.00
Bill	2/28/2003	4791	AquaTec, Inc.		Construction Management	21,875.00
Bill	3/28/2003	4795	AquaTec, Inc.	March	Construction Management	21,875.00
Bill	4/30/2003	4796	AquaTec, Inc.		Construction Management	21,875.00
Bill	5/30/2003	4803	AquaTec, Inc.		Construction Management	21,875.00
Bill	6/30/2003	4811	AquaTec, Inc.		Construction Management	21,875.00
Total Construction Management						175,000.00
Electrical						
Bill	4/30/2003	4796	AquaTec, Inc.	Conduit	Electrical	11,353.50
Bill	5/30/2003	4803	AquaTec, Inc.	conduit	Electrical	5,584.50
Bill	6/30/2003	4811	AquaTec, Inc.		Electrical	13,734.00
Bill	7/31/2003	4815	AquaTec, Inc.		Electrical	17,559.00
Bill	8/31/2003	4823	AquaTec, Inc.		Electrical	47,550.00
Bill	9/25/2003	Inv#89076 Appl#2	Sturgeon Electric		Electrical	57,045.46
Bill	9/30/2003	4829	AquaTec, Inc.	Conduit	Electrical	9,925.00
Bill	9/30/2003	4829	AquaTec, Inc.	Wire	Electrical	21,700.00
Bill	9/30/2003	4829	AquaTec, Inc.	Devices	Electrical	3,100.00
Total Electrical						187,551.46
Engineering						
General Journal	12/31/2002			AquaTec Engr	Engineering	100,000.00
General Journal	12/31/2002			AquaTec Engr	Engineering	100,000.00
General Journal	12/31/2002			Pace Engr	Engineering	273,015.00
Bill	5/14/2003	4776 APP Engr	AquaTec, Inc.	Engr for APP Permit	Engineering	150,000.00
Total Engineering						623,015.00
Force Main						
Bill	6/18/2003	Inv#1086/App#1	Wescon Corporation		Force Main	14,191.78
Bill	8/31/2003	Inv# 1120/App#2	Wescon Corporation	Inv# 1120/App#2	Force Main	1,576.87

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Type	Date	Num	Name	Memo	Account	Amount
Total Force Main						
Mechanical						
Bill	4/30/2003	4796	AquaTec, Inc.	PVC Piping	Mechanical	15,768.65
Bill	4/30/2003	4796	AquaTec, Inc.	Plumbing	Mechanical	16,269.30
Bill	4/30/2003	4796	AquaTec, Inc.	SS Piping	Mechanical	5,589.00
Bill	4/30/2003	4796	AquaTec, Inc.	Concrete Sleeves	Mechanical	4,671.00
Bill	5/30/2003	4803	AquaTec, Inc.	install equip, piping pvc/ss, co...	Mechanical	5,425.20
Bill	6/30/2003	4811	AquaTec, Inc.		Mechanical	33,751.80
Bill	7/31/2003	4815	AquaTec, Inc.		Mechanical	34,789.50
Bill	8/31/2003	4823	AquaTec, Inc.		Mechanical	39,474.00
Bill	9/30/2003	4829	AquaTec, Inc.	Install Equip	Mechanical	31,709.00
Total Mechanical						181,528.80
Plant Equipment						
Bill	11/21/2002	Inv# 4774	AquaTec, Inc.		Plant Equipment	492,120.00
Bill	2/28/2003	4791	AquaTec, Inc.		Plant Equipment	49,647.24
Bill	3/28/2003	4795	AquaTec, Inc.	7 SAM Units/2 Decaners	Plant Equipment	261,375.00
Bill	4/30/2003	4796	AquaTec, Inc.	Other equip	Plant Equipment	100,485.00
Bill	5/30/2003	4803	AquaTec, Inc.	other equip	Plant Equipment	11,520.00
Bill	6/30/2003	4811	AquaTec, Inc.		Plant Equipment	172,390.00
Bill	6/30/2003	4811	AquaTec, Inc.	offset downpmt	Plant Equipment	35,350.00
Bill	6/30/2003	4811	AquaTec, Inc.	offset downpmt	Plant Equipment	-14,965.50
Bill	6/30/2003	4811	AquaTec, Inc.		Plant Equipment	-58,085.00
Bill	7/31/2003	4815	AquaTec, Inc.		Plant Equipment	669,805.00
Total Plant Equipment						1,719,641.74
Polymer Mixer and Chem Feed Sys						
Bill	3/28/2003	4795	AquaTec, Inc.	Change Order #2	Polymer Mixer and Chem Feed Sys	19,966.50
Total Polymer Mixer and Chem Feed Sys						19,966.50
Retainage						
Bill	7/31/2003	4815	AquaTec, Inc.		Retainage	11,240.40
Total Retainage						11,240.40
Sales Tax						
Bill	1/31/2003	4783	AquaTec, Inc.	Tax on prior pd \$1076808	Sales Tax	43,745.32
Bill	1/31/2003	4782	AquaTec, Inc.	Jan work	Sales Tax	9,679.21
Bill	2/28/2003	4791	AquaTec, Inc.		Sales Tax	7,018.60
Bill	3/28/2003	4795	AquaTec, Inc.		Sales Tax	20,570.00
Bill	4/30/2003	4796	AquaTec, Inc.		Sales Tax	13,592.50
Bill	5/30/2003	4803	AquaTec, Inc.		Sales Tax	8,238.50
Bill	6/30/2003	4811	AquaTec, Inc.		Sales Tax	13,477.87
Bill	7/31/2003	4815	AquaTec, Inc.		Sales Tax	33,564.89
Bill	8/31/2003	4823	AquaTec, Inc.		Sales Tax	7,550.00
Bill	9/30/2003	4829	AquaTec, Inc.		Sales Tax	5,506.13

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Type	Date	Num	Name	Memo	Account	Amount
Total Sales Tax						
Site Construction						
Bill	12/19/2002	Inv# 4776	AquaTec, Inc.	Inv# 4776	Site Construction	162,943.02
Bill	2/3/2003	4785	AquaTec, Inc.	Bldg Permit WWTP	Site Construction	170,536.50
Bill	6/30/2003	4811	AquaTec, Inc.		Site Construction	2,062.91
Bill	6/30/2003	4811	AquaTec, Inc.		Site Construction	69,480.00
Bill	9/30/2003	4829	AquaTec, Inc.	Asphalt Road	Site Construction	35,446.50
Total Site Construction						
					Site Construction	26,670.00
						304,195.91
Temp Elec Pwr						
Bill	3/28/2003	4795	AquaTec, Inc.	Change Order #1	Temp Elec Pwr	3,845.50
Total Temp Elec Pwr						
						3,845.50
WWTP Ph II - Other						
Bill	12/13/2002	Inv# 4777	AquaTec, Inc.	Inv# 4777	WWTP Ph II	1,033.00
Total WWTP Ph II - Other						
						1,033.00
Total WWTP Ph II						
						4,648,118.74
Fixed Assets Under Construction - Other						
General Journal	7/31/2003			i/c frm SCWC	Fixed Assets Under Construction	2,491.04
Total Fixed Assets Under Construction - Other						
						2,491.04
Total Fixed Assets Under Construction						
						8,227,973.44
Utility Plant in Service						
351 - Organization						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	88,723.00
Total Phase 1						
						88,723.00
Total 351 - Organization						
						88,723.00
353 - Land and Land Rights						
General Journal	12/31/2002			rec. land & Investmt	353 - Land and Land Rights	164,670.00
Total 353 - Land and Land Rights						
						164,670.00
354 - Structures / Improvements						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	991,251.00
Total Phase 1						
						991,251.00
Trailer						
General Journal	10/31/2002				Trailer	3,174.00
Total Trailer						
						3,174.00
Total						
						9,227,973.44

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Type	Date	Num	Name	Memo	Account	Amount
General Journal	9/30/2003				Trailer	-9.52
Total Trailer						3,164.48
Total 354 - Structures / Improvements						
360 - Collection Sewers - Force						
001003						
General Journal	12/31/2002	Line ext		In-parcel 001003	001003	114,284.81
Total 001003						114,284.81
001004						
General Journal	12/31/2002	Line ext		In-parcel 001004	001004	59,820.74
General Journal	1/1/2003			Corr accr to actual	001004	-59,820.74
General Journal	1/1/2003			Corr accr to actual	001004	41,626.09
Total 001004						41,626.09
001005						
General Journal	12/31/2002	Line ext		In-parcel 001005	001005	126,521.11
Total 001005						126,521.11
001006						
General Journal	12/31/2002	Line ext		In-parcel 001006	001006	57,489.00
Total 001006						57,489.00
001007						
General Journal	12/31/2002	Line ext		In-parcel 001007	001007	53,578.50
Total 001007						53,578.50
001011						
General Journal	12/31/2002	Line ext		In-parcel 001011	001011	39,266.00
Total 001011						39,266.00
001012						
General Journal	12/31/2002	Line ext		In-parcel 001012	001012	55,527.00
Total 001012						55,527.00
001013						
General Journal	12/31/2002	Line ext		In-parcel 001013	001013	26,962.00
Total 001013						26,962.00
00102A						
General Journal	12/31/2002	Line ext		In-parcel 00102A	00102A	86,818.84
Total 00102A						86,818.84
00102B						

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Type	Date	Num	Name	Memo	Account	Amount
General Journal	12/31/2002	Line ext		In-parcel 00102B	00102B	86,028.15
Total 00102B						86,028.15
Phase 1						
Bill	2/8/2002	Video Sanitary Sewer	Pipeline Video Inspection	Video Sanitary Sewer lines Ph...	Phase 1	5,596.08
Bill	6/19/2002	0102-02	Lee's Pipelines, Inc.		Phase 1	7,627.50
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	930,474.00
Total Phase 1						943,697.58
Phase II						
General Journal	12/31/2002			Wadsworth Coll Sewer Lines	Phase II	60,803.42
General Journal	12/31/2002			Bal equity for remain escrow s...	Phase II	35,890.72
Total Phase II						96,694.14
Total 360 - Collection Sewers - Force						1,728,493.22
363 - Services to Customers						
001003						
General Journal	12/31/2002	Line ext		In-parcel 001003	001003	38,494.95
Total 001003						38,494.95
001004						
General Journal	12/31/2002	Line ext		In-parcel 001004	001004	19,215.43
General Journal	1/1/2003			Corr accr to actual	001004	-19,215.43
General Journal	1/1/2003			Corr accr to actual	001004	12,577.37
Total 001004						12,577.37
001005						
General Journal	12/31/2002	Line ext		In-parcel 001005	001005	33,559.70
Total 001005						33,559.70
001006						
General Journal	12/31/2002	Line ext		In-parcel 001006	001006	16,920.00
Total 001006						16,920.00
001007						
General Journal	12/31/2002	Line ext		In-parcel 001007	001007	11,360.00
Total 001007						11,360.00
001011						
General Journal	12/31/2002	Line ext		In-parcel 001011	001011	9,405.00
Total 001011						9,405.00
001012						
General Journal	12/31/2002	Line ext		In-parcel 001012	001012	20,520.00

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Type	Date	Num	Name	Memo	Account	Amount
Total 001012						20,520.00
001013						
General Journal	12/31/2002	Line ext		In-parcel 001013	001013	9,240.00
Total 001013						9,240.00
00102A						
General Journal	12/31/2002	Line ext		In-parcel 00102A	00102A	35,533.80
Total 00102A						35,533.80
00102B						
General Journal	12/31/2002	Line ext		In-parcel 00102B	00102B	29,320.00
Total 00102B						29,320.00
Total 363 - Services to Customers						216,930.82
370 - Receiving Wells						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	104,019.00
Total Phase 1						104,019.00
Total 370 - Receiving Wells						104,019.00
371 - Pumping equipment						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	59,743.00
Total Phase 1						59,743.00
Total 371 - Pumping equipment						59,743.00
381 - Plant Sewers						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	75,068.00
Total Phase 1						75,068.00
Total 381 - Plant Sewers						75,068.00
382 - Outfall Sewer Lines						
Phase 1						
General Journal	12/31/2002			Recl cost to indiv acct	Phase 1	219,343.00
Total Phase 1						219,343.00
Phase II						
General Journal	12/31/2002			Wadsworth Recl Swr Line	Phase II	131,493.96

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Type	Date	Num	Name	Memo	Account	Amount
Total Phase II						
Total 382 - Outfall Sewer Lines						
390 - Office Furniture / Equip						
Computers						
General Journal	1/31/2002			2 printers	Computers	10,946.33
General Journal	2/28/2002	I/C entry		Sep I/c	Computers	1,894.86
General Journal	9/30/2002	I/C entry		I/C fm SCWC	Computers	2,120.03
General Journal	6/24/2003				Computers	947.60
Total Computers						
Software						
General Journal	2/28/2002	I/C entry		Tom Bourassa	Software	2,500.00
General Journal	3/31/2002	I/C entry		pcAnywhere	Software	142.83
General Journal	4/30/2002	I/C entry		Tom Bourassa	Software	2,500.00
General Journal	10/31/2002				Software	1,297.50
General Journal	3/31/2003			I/C exp fm SCWC	Software	326.75
General Journal	9/30/2003				Software	-38.35
Total Software						
Telephones						
General Journal	10/31/2002				Telephones	251.17
General Journal	9/30/2003				Telephones	-1.42
Total Telephones						
Total 390 - Office Furniture / Equip						
Utility Plant in Service - Other						
General Journal	3/31/2002			Sewer plant in use	Utility Plant in Service	2,459,988.00
General Journal	9/30/2002			Spend thru 93002	Utility Plant in Service	385,889.43
General Journal	12/31/2002			Recl cost to indiv acct	Utility Plant in Service	-2,379,898.00
General Journal	12/31/2002			Rev sept entry	Utility Plant in Service	-385,889.43
General Journal	12/31/2002			Recl cost to indiv acct	Utility Plant in Service	-88,723.00
General Journal	12/31/2002			Recl to indiv acct	Utility Plant in Service	8,633.00
Total Utility Plant in Service - Other						
Total Utility Plant in Service						
TOTAL						
						131,493.96
						350,836.96
						15,908.82
						6,728.73
						22,887.30
						0.00
						3,805,786.78
						12,033,760.22

Palo Verde Utilities Company, LLC

Regulatory Approvals

Arizona Department of Environmental Quality

Aquifer Protection Permit

We have an Aquifer Protection Permit No. P-105228 for flows up to 1.0 MGD. Additional flows up to 3.0 MGD may be added under a minor amendment.

AZPDES Permit

An AZPDES permit for discharge into the Santa Rosa Wash has been prepared and submitted to ADEQ. It is being processed currently.

Type 2 Reclaimed Water General Permit - Class A+

The above referenced permits have been issued for the following uses of effluent:

Permit R105392 for The Villages at Rancho El Dorado

Permit R105393 for Cobblestone Farms

Permit R105394 for Province

Permit R105395 for The Duke Golf Course

Various Approvals to Construct (ATC)

We have various ATC's for the wastewater improvements. The majority of these were filed with the Arizona Corporation Commission on January 21, 2003 with executed main extension agreements.

Central Arizona Association of Governments (CAAG)

Current CAAG 208 Plan Amendment

Our current CAAG 208 is for a 2.25 MGD plant.

Amendment to our current CAAG 208 Plan Amendment

We are currently amending our CAAG 208 Plan to expand wastewater treatment flows from 2.25 MGD to 15.0 MGD.

Palo Verde Utilities Company, LLC

Financial Liabilities as of September 30, 2003

Main extension agreements recorded as Advances in Aid of Construction	\$ 1,107,532
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Palo Verde Utilities Company, LLC

Management Arrangements as of September 30, 2003

See attached Professional Services Agreement with Severn Trent Environmental Services, Inc. to operate, maintain and manage the wastewater treatment plant, the wastewater collection, transportation and treatment system.

PROFESSIONAL SERVICES AGREEMENT

THE STATE OF ARIZONA §
 § KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF PINAL §

THIS PROFESSIONAL SERVICES AGREEMENT (Agreement) entered into as of the 31st day of May, 2002, by and between PALO VERDE UTILITIES COMPANY LLC (Owner), a business located in Pinal County, Arizona, and acting by and through its duly authorized Directors and SEVERN TRENT ENVIRONMENTAL SERVICES, INC. (STES), a Texas Corporation with offices located in Houston, Harris County, Texas.

WITNESSETH:

1. The Owner currently owns or plans to construct a sanitary wastewater collection, transportation and treatment system (collectively, the "System") which serves customers of the System, and is desirous of obtaining services for the competent operation, maintenance, and management of the System.
2. STES currently provides operations, maintenance, and management services for utility systems such as the System and is desirous of providing such services to the Owner.
3. The Owner and STES are desirous of entering into a definitive agreement pursuant to which STES shall operate, maintain and manage the System.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE promises, covenants and considerations hereinafter set forth, the sufficiency and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

I. SERVICES

A. ADMINISTRATIVE SERVICES

The following administrative services shall be provided at no additional cost to the Owner.

1. Organization. STES shall administer the work, activities, and operations of the System in accordance with the items in this Agreement.

Palo Verde Utility Company LLC Contract (Cont'd)

2. Personnel. STES shall provide competent, trained personnel. System supervisors and/or operators shall be licensed or certified by the appropriate state governmental authority. Personnel shall be trained to be professional and courteous in dealing directly with the Owner's customers.
3. Training. STES shall maintain a continuing education program for all employees. Specifically, all System supervisors and operators shall attend a state certified or approved water or wastewater training course at least twice each year or otherwise receive a minimum of 40 hours of training each year, to the greatest extent practicable.
4. Start Up. When first assuming operations management of the System, STES shall:
 - a. Inventory and maintain a listing of all of the Owner's equipment including manufacturers' model and serial numbers, motor frame numbers and other such data as required to provide immediate information for the Scheduled Maintenance Program and repair or replacement of the System's equipment.
 - b. Assist in the preparation of an annual operating budget for the System.
5. Maintenance Scheduling. STES shall provide a Scheduled Maintenance Program for the System's equipment. Developed by STES, this computer program utilizes equipment manufacturer's recommendations and the System's equipment inventory to generate maintenance schedules. The resulting monthly schedule lists the specific System equipment to be serviced, the detailed service procedure, specified oil or grease to be used, and a history of service, maintenance and replacements.
6. 24-Hour Service. STES shall maintain 24-hour telephone and dispatch service with qualified personnel to respond to the System's customer problems and equipment malfunctions.
7. Automatic Telephone Alarm. STES shall monitor computer or automatic dialed telephone alarm systems at any of the System's facilities which are installed and programmed to call the STES 24-hour telephone dispatch service.
8. Employee Identification. STES operating and maintenance employees shall be readily identifiable to the System's customers by distinctive clothing. Service vehicles shall have the STES logo prominently displayed.
9. Coordination with Consultants. STES shall coordinate with the Owner's other consultants as necessary to maintain efficient operation of the System.

10. Inquiries and Correspondence. STES shall respond to routine inquiries or correspondence from the Owner's directors, customers or consultants in a prompt, professional manner.
11. Owner Meetings. STES' Project Manager or Field Coordinator will attend regularly scheduled meetings which have an agenda item relating to the System's operations. The STES representative will have direct knowledge of the System's on-going operations or agenda items as appropriate.
12. Community Relations. Upon adequate notice, STES shall provide speakers qualified to make presentations to citizen groups, civic associations, and schools within the System. Subjects shall include utility regulations, water and wastewater facilities operations and the System's budgeting and operations functions.
13. Customer Relations. STES shall render reasonable assistance in the promotion of good relations with the System's customers.

B. BASIC SERVICES

1. System Operations. STES shall provide personnel, vehicles and hand tools necessary for the routine operation of the System.
2. System Inspection. STES shall monitor the System's facilities daily, including weekends and holidays as required by state regulations. This shall include plants and lift stations.

STES employees, whenever they are within the System boundaries, shall monitor the System in order to observe condition of any damages and be alert for any missing System equipment.

3. Daily Maintenance. STES shall provide the personnel and hand tools for maintenance tasks which do not utilize specialized tools or technical skills. This includes cleaning or changing blower filters, draining condensate in clarifier drives and air compressors, maintaining oil levels on oil lubricated blowers and drip oilers, and exercising auxiliary engines.
4. Bulk Chemicals. STES shall arrange for an adequate inventory of chlorine and other bulk chemicals required to operate the System.
5. Expendable Items. STES shall, at the Owner's expense, replace those items expended in the daily operation of the System. Those items include, but are not limited to, brooms, mops, dip nets, rakes, shovels, trash cans, hoses, nozzles, padlocks, and other such items used at the Owner's facilities.

6. Operating Log. STES shall maintain an operating log at the System's wastewater treatment plants which may be inspected by the Owner at any time. The logs shall include the following:
 - a. Flow records.
 - b. Notations recording repairs or replacements performed.
 - c. Such other matters within the scope of STES' work which the Owner may reasonably request.
7. Monthly Operations Report. STES shall render a monthly operations report, as requested by the Owner, which may include the following information:
 - a. State and/or federal wastewater discharge reports.
 - b. Correspondence to regulatory authorities as appropriate.
 - c. Average daily wastewater flows.
 - d. Sludge disposal records.
 - e. Records regarding equipment repairs and replacements.
 - f. Abnormal change in condition of the Owner's equipment, needed repairs and recommendations as to the repair of such equipment.
 - g. Summary of inspections performed.
 - h. Damage to the System and the possible causes thereof. In instances where the damage may be attributable to a contractor, builder, utility company or other entity, STES shall (on behalf of the Owner) backcharge the party responsible for such damage, including administrative costs thereof, and include such information in the monthly report.
 - i. Informational reports relating to compliance status of the System.
 - j. Statistics relating to overall System operations, as appropriate.
 - k. Summary and details of monthly invoices to the Owner, separated into specific budget categories.
 - l. Information and reports as may be required for audit of the Owner's service accounts.

Details of the above reports will be available to provide a clear audit trail of the Owner's sewer service transactions.

8. Regulatory Reports. STES shall prepare and submit routine monthly reports required by regulatory authorities and authorized by the Owner to receive such reports.
9. Basic Services Fees. The Owner agrees to compensate STES for the performance of these Basic Services as follows.
 - a. For residential connections, the Owner shall pay STES a monthly fee equal to the number of single family units or their equivalent (i.e., apartment or townhouse units) that were connected as of the end of the month preceding the current months billing multiplied by \$3.00. Owner shall on a monthly basis provide STES with the number of actual connections for the month preceding the current months billing to determine the actual connections for the current months billing.
 - b. For commercial connections, the Owner shall pay STES a monthly fee equal to the number of commercial connections that were connected as of the end of the month preceding the current months billing multiplied by \$3.00. Owner shall on a monthly basis provide STES with the number of actual connections for the month preceding the current months billing to determine the actual connections for the current months billing.

C. INSTALLATION AND INSPECTION SERVICES (OPTIONAL)

Inspections. STES shall perform inspections as requested or authorized by the Owner. Fees shall be based on the attached Schedule of Rates for personnel and equipment used. Such inspections include, but are not limited to, grease traps, sample wells, cross connections or new facilities prior to acceptance by the Owner. STES may also participate in site inspections with contractors prior to the start of building activity to assist in verifying the condition of the Owner's System.

D. MAINTENANCE, REPAIR AND REPLACEMENT SERVICES

1. Maintenance. STES shall provide personnel, tools and equipment to perform maintenance on the System facilities and equipment as authorized by the Owner. Maintenance shall include, but not be limited to, the following:
 - a. Maintenance or replacement of pumps, motors, valves and other equipment or facilities.
 - b. Calibration and servicing of instrumentation, control systems and other equipment.
 - c. Other maintenance as necessary which requires special skills and/or tools, performed in conformance with equipment manufacturer's recommendations to maintain warranties and to extend the useful life of the equipment.

2. Repair. STES shall provide personnel and equipment to perform repairs on facilities, equipment, plants and collection systems as authorized by the Owner including, but not limited to manhole repairs and sewer line repair and cleaning, as needed.
3. Replacement. STES shall use a reasonable degree of care with respect to replacement of equipment or facilities but shall not be responsible to the Owner for any guarantees or warranties offered by others in connection with such equipment or facilities. STES agrees to make reasonable efforts to obtain for and assign to the Owner the normal guarantees or warranties associated with any replacement equipment.
4. Maintenance, Repair, and Replacement Fees. In an effort to reduce costs, STES shall attempt to schedule and perform these services during normal working hours, excluding holidays and weekends. Non-emergency work shall not be billed on an overtime rate unless prior approval is obtained from the Owner. Labor and equipment fees shall be in accordance with the attached Schedule of Rates for services.
5. Emergency Response. STES shall maintain personnel and equipment for emergency response 24 hours per day, seven days per week, 365 days per year. Emergencies shall include, but not be limited to, degradation of water quality, blockage in the sewage collection system, wastewater plant malfunctions that could result in regulatory or permit excursions, any response requested by the Owner or its representative or response to insistent resident concerns when necessary to maintain good relations.
6. Materials and Supplies. STES shall be paid at cost plus 10% for all materials and supplies used to provide services under this Agreement.

E. OTHER SERVICES

Unless otherwise specified, fees for other services shall be in accordance with the attached Schedule of Rates for services.

1. Sludge Management and Disposal. STES shall arrange for sludge hauling and disposal services, including execution of manifest. There shall be no markup on sludge hauling invoices paid directly by the Owner.
2. Infiltration/Inflow Survey. STES shall conduct, with the Owner's approval, sewer line infiltration/inflow surveys consisting of on-site visual inspection of facilities, smoke testing and video monitoring (TV inspection) as appropriate. STES will perform or participate in the rehabilitation of the sewer system to correct defects discovered by the infiltration/inflow survey.

3. Landscape Services. STES shall provide services to maintain the landscape appearance compatible with the neighborhood at the System facilities with routine trimming and lawn mowing as necessary.
4. Sampling and Testing. STES shall perform, or have performed, all sampling, testing and/or analyses as required by regulatory authorities or necessary for process control. This shall be paid for by the Owner. A summary of test results shall be submitted to the Owner each month.
5. Special Studies/Reports. STES shall conduct studies or prepare special reports as requested by the Owner.

F. SUBCONTRACT SERVICES

1. STES Subcontractors. STES may subcontract such services hereunder as may, in STES' opinion, be desirable. Such STES subcontractors shall be considered, for the purpose of this Agreement, as employees of STES with STES retaining responsibility for such subcontractors' performance.
2. The Owner Subcontractors. The Owner reserves the right to directly employ subcontractors for certain maintenance work within the System. STES shall receive no supervision and inspection fees, and shall not be responsible in any way for services performed by subcontractors employed or paid directly by the Owner.

**II.
PAYMENT**

STES shall submit statements and/or invoices for services to the Owner on a monthly basis. The Owner shall pay such statements and/or invoices within 30 days of receipt. The Owner agrees to pay interest at a rate of 10% per annum to STES for all amounts unpaid after 30 days. Interest shall accrue from the 31st day following receipt of statements and/or invoices until the date payment in full is made. Items awaiting backup data shall be excluded from interest charges.

**III.
INSURANCE AND INDEMNIFICATION**

A. INSURANCE

Following the execution of this Agreement, STES shall furnish to the Owner, upon request, Certificates of Liability Insurance evidencing the following minimum insurance coverage:

1. Comprehensive General Liability

Bodily Injury and Property Damage	\$ 500,000
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2. Comprehensive Automobile Liability

Bodily Injury and Property Damage	\$ 500,000
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3. Worker's Compensation and Employer's Liability

	statutory
	\$ 100,000
4. Excess Liability

	\$1,000,000
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B. INDEMNIFICATION

The Owner and STES each agree to indemnify and save the other harmless from each's negligence or intentional conduct arising or done under this agreement and resulting in harm to another or another's property. The indemnity extends to all costs and expenses incurred, including reasonable attorney's fees, to defend against, settle or pay the claim asserted by another. In the event a claim is made by another against either the Owner or STES, notice shall immediately be given of the claim (unless the other has prior actual notice), in order that the other may determine whether its indemnity duty must be performed and in order to allow the indemnitor to perform indemnity.

The Owner agrees to indemnify and save STES harmless from and against any and all claims, damages, loss or liability for or on account of any injury or damages (including death) to any person or property, resulting from following the instructions or policies of the Owner, from any inadequacies or failures of the System, or by reason of any willful act or negligence on the part of the Owner's agents, employees or subcontractors.

In the event that any of the foregoing indemnification provisions shall be inapplicable or held unenforceable, the Operator and the Owner shall each contribute to any judgment against any party for which indemnity would otherwise be due from it hereunder, according to the percentage of fault of such indemnifying party, in accordance with the laws of the State of Arizona.

**IV.
MISCELLANEOUS PROVISIONS**

A. RESPONSIBILITIES

1. STES Responsibilities. STES shall exercise a reasonable degree of care and diligence in the operation and maintenance of the System in conformance with applicable laws, rules and regulations. However, STES is not responsible, except in the event of STES negligence or failure to meet its obligations as provided for herein, for the failure of the System to meet local, state or federal wastewater treatment or disposal standards or for any direct or indirect loss, injury or damage resulting from the diminution or interruption of service within the System.
2. The Owner Responsibilities. The Owner represents that the System is in good working order, does not contain any known defective equipment or facilities, is suitable and adequate for the needs of its customers and that all of its facilities are, or shall be, built in accordance with local, state and federal regulations. The Owner shall provide:
 - a. All utilities, plant facilities, improvements and modifications necessary to operate the System in a manner required to meet applicable regulations.
 - b. A complete set of "As Built" drawings of the System and any improvements, water and wastewater tap standards, and any other information necessary for the administration of the Owner.
 - c. Safety equipment required at the plants, including, but not limited to, oxygen masks and supplies for the chlorination process.
 - d. Sanitary sewer tap inspections.

B. RELATIONSHIP OF THE OWNER AND STES

STES shall serve in the capacity of an independent contractor for the Owner during the period of this Agreement.

C. MONETARY AUTHORITY

If at any time a condition exists or arises which, in the opinion of STES, requires repairs or replacements in the System and the cost thereof exceeds the sum of \$1,000.00, STES shall obtain the Owner's consent prior to making such repair or replacement. Notwithstanding the foregoing, however, if at any time a condition exists or arises which, in the opinion of STES, is of an emergency nature and requires the immediate repair or replacement of equipment regardless of the amount, STES, after reasonable attempts to

obtain consent, shall proceed with such repair or replacement without the necessity of obtaining the consent of the Owner. The failure to obtain such consent prior to the making of such emergency repair or replacement shall not affect the obligation of the Owner to compensate STES for any work performed.

D. FORCE MAJEURE

In the event that STES or the Owner is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, it is agreed that each party shall give written notice of such force majeure to the other party as soon as possible after the occurrence of the cause relied on and shall, therefore, be relieved of its obligations, so far as they are affected by such force majeure, during the continuance of any disabilities so caused, but for no longer. In the event that the period of suspension shall extend longer than thirty (30) days, either party shall have the privilege of terminating this Agreement. In such event, the Owner shall pay STES compensation pursuant to this Agreement up to the date of termination. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability.

E. NON-COMPENSABLE ITEMS

The compensation to be paid to STES herein is exclusive of any tax, assessment, regulatory expense or other charge which may be imposed upon STES by any governmental authority as a result of performing its obligations pursuant to this Agreement other than taxes upon the purchase of material, utilities, supplies, and parts. In the event STES is required by applicable law or regulation to pay or collect any such tax, assessment or regulatory expense or other charge on account of this Agreement or its performance hereunder, then the amount thereof shall be reimbursed to STES by the Owner (in addition to the compensation provided herein). However, STES shall be responsible at its own expense for all payroll taxes, corporate income and franchise taxes arising out of its operations.

F. AMENDMENT

The attached Schedule of Rates is guaranteed for one year from the effective date of this Agreement. Future rate increases, if any, will become effective 30 days after written notification is given to the Owner by STES. No other alteration, modification or amendment of this Agreement shall be made except in writing and signed by the Owner and STES.

G. NOTICE

Whenever the provisions of this Agreement require notice to be given, such notice shall be given in writing by certified or registered mail and addressed to the party for whom intended at its then address of record and such notice shall be deemed to have been given when the notice was then mailed.

Notices required to be given to STES shall be addressed to:

Severn Trent Environmental Services, Inc.
3333 South Old Price Road
Chandler, AZ 85248
Attn: Donal MacInnes

Notices required to be given to the Owner shall be addressed to:

Palo Verde Utilities Company LLC
426 N. 44th St., Ste. 100
Phoenix, AZ 85008
Attn: Lawrence S. Braund

H. TERM

This Agreement shall be effective as of the date agreed herein, and shall continue thereafter from year to year subject, however, to termination by either the Owner or STES for any reason at any time by giving thirty (30) days advance written notice to the other.

STES shall commence performance of this Agreement on a date to be specified by the Owner and agreed to by STES. In the event that this Agreement is terminated for any reason, all billing cards, meter reading records, billing and collecting forms, and other materials pertaining to the billing and collection of accounts of the Owner, all reports, maintenance logs and such other information that the Owner may request in relation to the operations, maintenance and systems reporting as may have been required by governmental regulatory agencies, shall be furnished by STES to the Owner at no cost to the Owner.

V.
CAPTIONS

The section headings or paragraph captions herein are used for convenience of reference only and not intended to define, extend or limit any provision of this contract.

Palo Verde Utility Company LLC Contract (Cont'd)

VI.
EXECUTION OF AGREEMENT

IN WITNESS WHEREOF, the Owner and STES have caused this Agreement to be executed by their duly authorized officers.

**PALO VERDE UTILITIES
COMPANY LLC**

**SEVERN TRENT ENVIRONMENTAL
SERVICES, INC.**

By: Michael J. Roll

By: Donna A. Allen

Title: President

Title: VP-OPERATIONS

Date: 5/31/02

Date: 6/10/02

SCHEDULE OF STANDARD RATES

The following is a partial list of STES charges showing the current hourly rate schedule.

Supervisor/Foreman	\$ 47.50 per hour
Licensed Operator	\$ 35.00 per hour
Backhoe Operator	\$ 35.00 per hour
Laborer/Helper	\$ 26.00 per hour
Electrician	\$ 46.00 per hour
Crane Foreman/Pump Mechanic.....	\$ 38.00 per hour
Crane Assistant/PM Technician.....	\$ 24.00 per hour
Chlorine Technician.....	\$ 46.00 per hour
Environmental Specialist	\$ 47.50 per hour
Maintenance Manager.....	\$ 50.00 per hour
Clerical.....	\$ 22.00 per hour
Utility Vehicle/Service Truck	\$ 10.50 per hour
Electrical & Mechanical Vehicle	\$ 17.50 per hour
Crane Truck	\$ 27.50 per hour
Dump Truck w/Operator.....	\$ 37.00 per hour
Backhoe.....	\$ 30.00 per hour
Lowboy Trailer.....	\$ 8.50 per hour
2" Utility Pump	\$ 8.50 per hour
3" Utility Pump	\$ 10.50 per hour
Welding Machine.....	\$ 10.00 per hour
*Air Scouring Unit (water line cleaner) (4-hour min.)	\$100.00 per hour
Air Compressor.....	\$ 22.50 per hour

Outside contractor and materials billed at cost plus 10%.

Overtime rates of time and one-half will apply for work performed before 7:30 a.m. and after 4:00 p.m. in excess of eight (8) hours per day or 40 hours per week, and on weekends and holidays. Holidays are New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day and Christmas Day.

*These units will be available on a per-foot based cost quoted by job.

EXHIBIT 2

FENNEMORE CRAIG
A Professional Corporation
Jay L. Shapiro
Patrick J. Black
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Telephone (602) 916-5000

Attorneys for Santa Cruz Water Company and Palo Verde Utilities Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PALO VERDE UTILITIES COMPANY
FOR AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. SW-03575A-03-0167

IN THE MATTER OF THE APPLICATION
OF SANTA CRUZ WATER COMPANY,
FOR AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-03576A-03-0167

**SUPPLEMENTAL NOTICE OF
COMPLIANCE WITH DECISION
NO. 66394**

In accordance with Decision No. 66394 (October 6, 2003), Palo Verde Utilities Company, LLC and Santa Cruz Water Company, LLC ("Utilities") hereby submit the following additional compliance item regarding management arrangements transferred to the LLC. Decision No. 66394 at ¶¶ 24 & 25.

On June 15, 2001, Santa Cruz Water Company, Inc. and Palo Verde Utilities Company, Inc. were individually merged from corporations to limited liability companies, now the Utilities. At that time, Mike Reinbold was the President and Larry Braund was the Vice-President of the Utilities. Neither the positions nor the responsibilities of these officers changed due to the change of legal entity status. However, in January 2002, prior to any individual customers (i.e., non-

1 construction water customers) customers being served, Cindy Liles became a Vice-President and
2 Chief Financial Officer of the Utilities. In that capacity Ms. Liles has been responsible for day-
3 to-day management of the Utilities. Since that time, staff continues to be added for customer
4 billing, meter installations and meter readings. No officer or employee affiliated with the Utilities
5 has a written employment or related contract.
6

7 Finally, Severn Trent Services is contracted to operate the water and wastewater plants.
8 This contract was entered into on May 31, 2002, after the merger of the corporations into LLCs
9 and remains in place today. A copy of this contract was included in the Utilities' October 29,
10 2003 compliance filing.
11

12 DATED this 19th day of November 2003.
13
14

15 FENNEMORE CRAIG, P.C.

16
17 By: 

18 Jay L. Shapiro
19 Patrick J. Black
20 Attorney for Palo Verde Utilities Company and
21 Santa Cruz Water Company
22

23 ORIGINAL and 15 copies of the
24 foregoing delivered this 19th
25 day of November, 2003, to:
26

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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COPY hand-delivered this
19th day of November, 2003 to:

Dwight D. Nodes
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Jim Fisher
Executive Consultant
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPY mailed this
19th day of November, 2003 to:

Brent D. Butcher
3975 S. Highland Drive, #6
Salt Lake City, UT 84124

Kent A. Hogan
3799 E. Catamount Ridge Way
Sandy, UT 84092

By 

EXHIBIT 3



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us



Stephen A. Owens
Director

June 24, 2003

Mr. Michael Reinbold, President
Palo Verde Utilities Company, L.L.C.
426 N. 44th Street, Suite 200
Phoenix, AZ 85008

**Re: Palo Verde Utilities Company, L.L.C. Wastewater Reclamation Facility (WRF)
Signed Aquifer Protection Permit (APP), File No. 105228**

Dear Mr. Reinbold,

Enclosed is a signed APP with Executive Summary for the above referenced facility. The permit conditions shall apply from June 23, 2003 which is the date of the Water Quality Division Director's signature, and shall be valid for the life of the facility. Thank you for your cooperation in protecting the water quality of the State of Arizona.

If you have any questions about this permit or need further assistance, please contact me at (800) 234-5677 ext. 771-4743 or at (602) 771-4743.

Sincerely,

Matthew Hodge, Project Manager
Wastewater, Recharge, & Reuse Unit
Water Permits Section, Water Quality Division

cc: Asif Majeed, Manager, Wastewater, Recharge, & Reuse Unit
Robert Casey, Manager, Enforcement Unit, Water Quality Compliance Section
Don Shroyer, Manager, Data Unit, Water Quality Compliance Section
Lynne Dekarske, Administrative Assistant, Water Permits Section
Fred Goldman, GTA Engineering, Inc.
Rich Campbell, Withey, Anderson & Morris, PLC

MWR03:0543

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Printed on recycled paper

EXECUTIVE SUMMARY
AQUIFER PROTECTION PERMIT NO. P105228

Facility Name:

Palo Verde Utilities Company, L.L.C. Wastewater Reclamation Facility (WRF)

Facility Location:

The Palo Verde Utilities Company, L.L.C. WRF is located in Maricopa, Arizona, in Pinal County, over groundwater of the Pinal Active Management Area, in Township 4S, Range 3E, W ½ of the NW 1/4 of Section 13 of the Gila and Salt River Base Line and Meridian.

Regulatory Status:

This is a new facility. The APP application for this facility was received on September 9, 2002.

Facility Description:

The permittee is currently authorized to operate a 1.0 million gallons per day (MGD) WRF. Additional flows up to 3.0 MGD may be added under a minor amendment, as long as additional phases are constructed per the currently approved design plans submitted with this APP application. In addition, the 208 amendment must be reviewed and approved by ADEQ. The WRF will consist of screening, sequential batch reactors (SBRs), nitrification, denitrification, filtration, and ultra violet (UV) disinfection. Sludge will be aerobically digested and dewatered. The WRF shall be designed and constructed according to plans approved by the ADEQ Wastewater Design Review Unit.

In addition to the APP permit conditions pertaining to treatment and disposal of sewage sludge, the permittee must also comply with the requirements for sewage sludge disposal in 40 Code of Federal Regulations (CFR) Part 503 and 18 A.A.C. Ch. 9, Art. 10. Violations of 40 CFR 503 and 18 A.A.C. Ch. 9, Art. 10 do not constitute violations of this permit.

The WRF will produce reclaimed water meeting Class A+ Reclaimed Water Standards (A.A.C. R18-11, Article 3) and will be used on the nearby golf course and agricultural irrigation under a valid reclaimed water permit.

Best Available Demonstrated Control Technology (BADCT):

The Water Reclamation Facility is designed to meet the treatment performance criteria for new facilities as specified in Arizona Administrative Code R18-9-B204.

Compliance with Aquifer Water Quality Standards (AWQS):

The facility performs discharge monitoring for selected AWQS. All wastewater will be transferred to a facility with a valid reclaimed water permit. The depth to groundwater is between 100 and 160 feet and as a result of these considerations, the AWQS are not expected to be violated at the point of compliance.

EXECUTIVE SUMMARY
AQUIFER PROTECTION PERMIT NO. P105228

Point of Compliance:

The Point of Compliance is established by the following monitoring location:

P.O.C. Locations	Latitude	Longitude
Southeast corner of WRF	33° 05' 11" N	112° 00' 40" W

Storm/Surface Water Considerations:

There are no storm/surface water considerations for this facility.

Zoning Requirements

The permittee has provided the zoning information required pursuant to A.A.C. R18-9-A201(A)(2)(c).

Financial Capability

The permittee has provided the financial information required pursuant to A.A.C. R18-9-A203.

Technical Capability

The permittee has provided the technical capability information required pursuant to A.A.C. R18-9-A202(B).

STATE OF ARIZONA
AQUIFER PROTECTION PERMIT NO. P- 105228
PLACE ID 5048, LTF 27853

1.0 AUTHORIZATION

In compliance with the provisions of Arizona Revised Statutes (A.R.S.) Title 49, Chapter 2, Articles 1, 2 and 3, Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Articles 1 and 2, A.A.C. Title 18, Chapter 11, Article 4 and amendments thereto, and the conditions set forth in this permit, Palo Verde Utilities Company, L.L.C. is hereby authorized to operate the Palo Verde Utilities Company, L.L.C. Wastewater Reclamation Facility located in Maricopa, Arizona, in Pinal County, over groundwater of the Pinal Active Management Area, in Township 4S, Range 3E, Section 13 of the Gila and Salt River Base Line and Meridian.

This permit becomes effective on the date of the Water Quality Division Director's signature and shall be valid for the life of the facility provided that the facility is constructed, operated, and maintained:

1. following all the conditions of this permit including the design and operational information documented or referenced below, and
2. such that Aquifer Water Quality Standards are not violated at the applicable point(s) of compliance set forth below.

1.1 PERMITTEE INFORMATION

Facility Name: Palo Verde Utilities Company, L.L.C. Wastewater Reclamation Facility

Permittee:

Mailing Address:

Facility's Street Address:

Palo Verde Utilities
Company, L.L.C.

Palo Verde Utilities Company,
L.L.C.
426 N. 44th Street, Suite 200
Phoenix, AZ 85008

41265 W. Hiller Road
Maricopa, AZ
85239

Facility Contact: Michael Reinbold, President

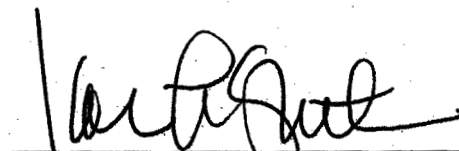
Emergency Telephone Number: (602) 914-2100

Latitude: 33° 05' 13" N

Longitude: 112° 00' 42" W

Legal Description: Township 4S, Range 3E, W ½ of the NW 1/4 of Section 13 of the Gila and Salt River Base Line and Meridian.

1.2 AUTHORIZING SIGNATURE



Karen L. Smith, Director
Water Quality Division

Arizona Department of Environmental Quality

Signed this 27th day of June, 2003

2.0 SPECIFIC CONDITIONS [A.R.S. §§ 49-203(4), 49-241(A)]

2.1 Facility / Site Description [A.R.S. § 49-243(K)(8)]

The permittee is currently authorized to operate a 1.0 million gallons per day (MGD) wastewater reclamation facility (WRF). Additional flows up to 3.0 MGD may be added under a minor amendment, as long as additional phases are constructed per the currently approved design plans submitted with this APP application. In addition, the 208 amendment must be reviewed and approved by ADEQ. The WRF consists of screening, sequential batch reactors (SBRs), nitrification, denitrification, filtration, and ultra violet (UV) disinfection. Sludge is aerobically digested and dewatered. The WRF is designed and constructed according to plans approved by the ADEQ Wastewater Design Review Unit.

In addition to the APP permit conditions pertaining to treatment and disposal of sewage sludge, the permittee must also comply with the requirements for sewage sludge disposal in 40 Code of Federal Regulations (CFR) Part 503 and 18 A.A.C. Ch. 9, Art. 10. Violations of 40 CFR 503 and 18 A.A.C. Ch. 9, Art. 10 do not constitute violations of this permit.

The WRF will produce reclaimed water meeting Class A+ Reclaimed Water Standards (A.A.C. R18-11, Article 3) and will be used on the nearby golf course and agricultural irrigation under a valid reclaimed water permit.

The materials authorized to be disposed of through the water reclamation facility are typical domestic sewage and pre-treated commercial wastewater and shall not include motor oil, gasoline, paints, varnishes, hazardous wastes, solvents, pesticides, fertilizers or other materials not generally associated with toilet flushing, food preparation, laundry facilities and personal hygiene.

The site includes the following permitted discharging facilities:

Facility	Latitude	Longitude
Wastewater Reclamation Facility	33° 05' 13" N	112° 00' 42" W

**2.2 Best Available Demonstrated Control Technology
[A.R.S. § 49-243(B) and A.A.C. R18-9-A202(A)(5)]**

The Wastewater Reclamation Facility is designed to meet the treatment performance criteria for new facilities as specified in Arizona Administrative Code R18-9-B204.

2.2.1 Engineering Design

A stamp and sealed set of facility design report, dated August 20, 2002, were used as the basis of design for the facility.

2.2.2 Site-specific Characteristics

Not Applicable.

2.2.3 Pre-Operational Requirements

Within 60 days of the completion of construction and prior to commissioning of new facilities, the operator shall inspect the facility to verify that all components function as designed. The permittee shall provide written certification within 90 days following final completion of the construction to ADEQ Water Quality Compliance, that inspection of all components was

performed. The results of inspection should also be indicated.

2.2.4 Operational Requirements

1. The permittee shall maintain a copy of the new O & M manual at the WRF site at all times and shall be available upon request during inspections by ADEQ personnel.
2. The pollution control structures shall be inspected for the items listed in Section 4.0, TABLE III - FACILITY INSPECTION (OPERATIONAL MONITORING).
3. If any damage of the pollution control structures is identified during inspection, proper repair procedures shall be performed. All repair procedures and material(s) used shall be documented on the Self-Monitoring Report Form submitted quarterly to the ADEQ Water Quality Compliance.

2.3 Discharge Limitations [A.R.S. §§ 49-201(14), 49-243 and A.A.C. R18-9-A205(B)]

The permittee is authorized to operate the Palo Verde Utilities Company, L.L.C. Wastewater Reclamation Facility with a maximum average monthly flow of 1.0 mgd.

2.4 Points of Compliance (P.O.C.) [A.R.S. § 49-244]

The Points of Compliance are established by the following monitoring locations:

P.O.C. Locations	Latitude	Longitude
Southeast corner of WRF	33° 05' 11" N	112° 00' 40" W

Monitoring requirements for each P.O.C. are listed in Section 4.0, TABLE II.

The Director may designate additional points of compliance if information on groundwater gradients or groundwater usage indicates the need.

2.5 Monitoring Requirements [A.R.S. § 49-243(K)(1), A.A.C. R18-9-A206(A)]

All monitoring required in this permit shall continue for the duration of the permit, regardless of the status of the facility. All sampling, preservation and holding times shall be in accordance with currently accepted standards of professional practice. Trip blanks, equipment blanks and duplicate samples shall also be obtained, and chain of custody procedures shall be followed, in accordance with currently accepted standards of professional practice. The permittee shall consult the most recent version of the ADEQ Quality Assurance Project Plan (QAPP) and EPA 40 CFR PART 136 for guidance in this regard. Copies of laboratory analyses and chain of custody forms shall be maintained at the permitted facility. Upon request these documents shall be made immediately available for review by ADEQ personnel.

2.5.1 Discharge Monitoring

The permittee shall monitor the wastewater according to Section 4.0, TABLE I. A representative sample of the wastewater shall be collected from the clear water tank.

2.5.2 Facility / Operational Monitoring

Operational monitoring inspections shall be conducted according to Section 4.0, TABLE III.

- a. If any damage of the pollution control structures is identified during inspection, proper repair procedures shall be performed. All repair procedures and materials used shall be documented on the Self-Monitoring Report Form (SMRF) submitted quarterly to the ADEQ Water Quality Compliance. If none of the conditions occur, the report shall say "no event" for a particular reporting period. If the facility is not in operation, the permittee shall indicate that fact in the SMRF.
- b. The permittee shall submit data required in Section 4.0, TABLE III regardless of the operating status of the facility unless otherwise approved by the Department or allowed in this permit.

2.5.3 Groundwater Monitoring and Sampling Protocols

Routine groundwater monitoring is not required under the terms of this permit.

2.5.4 Surface Water Monitoring and Sampling Protocols

Not Applicable. No surface monitoring is required.

2.5.5 Analytical Methodology

All samples collected for compliance monitoring shall be analyzed using Arizona state approved methods. If no state approved method exists, then any appropriate EPA approved method shall be used. Regardless of the method used, the detection limits must be sufficient to determine compliance with the regulatory limits of the parameters specified in this permit. Analyses shall be performed by a laboratory licensed by the Arizona Department of Health Services, Office of Laboratory Licensure and Certification. For results to be considered valid, all analytical work shall meet quality control standards specified in the approved methods. A list of Arizona state certified laboratories can be obtained at the address below:

Arizona Department of Health Services
Office of Laboratory Licensure and Certification
1740 W. Adams Street, Room 203 North
Phoenix, AZ 85007
Phone: (602) 364-0720

2.5.6 Installation and Maintenance of Monitoring Equipment

Monitoring equipment required by this permit shall be installed and maintained so that representative wastewater, groundwater, soil, water, or sludge samples can be collected. Should new groundwater wells be determined to be necessary, the construction details shall be submitted to the ADEQ Water Permits Section for approval.

2.6 Contingency Plan Requirements

[A.R.S. § 49-243(K)(3), (K)(7) and A.A.C. R18-9-A204 and R18-9-A205]

2.6.1 General Contingency Plan Considerations

At least one copy of the approved contingency and emergency response plan(s) submitted in the application shall be maintained at the location where day-to-day decisions regarding the operation of the facility are made. The permittee shall be aware of and follow the contingency and emergency plans.

Any alert level (AL) that is exceeded or any violation of an aquifer quality limit (AQL), discharge limit (DL), or other permit condition shall be reported to ADEQ following the reporting

requirements in Section 2.7.3.

Some contingency actions involve verification sampling. Verification sampling shall consist of the first followup sample collected from a location that previously indicated a violation or that an AL has been exceeded. Collection and analysis of the verification sample shall use the same protocols and test methods to analyze for the pollutant or pollutants that exceeded an AL or violated an AQL.

2.6.2 Exceeding of Alert Levels/Performance Levels

2.6.2.1 Exceeding of Performance Levels (PL) Set for Operational Conditions

1. If the operational PL set in Section 4.0, TABLE III has been exceeded the permittee shall
 - a. Notify the ADEQ Water Quality Compliance Section within five (5) days of becoming aware of a violation of any permit condition.
 - b. Submit a written report within thirty (30) days after becoming aware of a violation of a permit condition. The report shall document all of the following:
 1. A description of the violation and its cause;
 2. the period of violation, including exact date(s) and time(s), if known, and the anticipated time period during which the violation is expected to continue;
 3. any action taken or planned to mitigate the effects or the violation, or the spill, or to eliminate or prevent recurrence of the violation;
 4. any monitoring activity or other information which indicates that any pollutants would be reasonably expected to cause a violation of an Aquifer Water Quality Standard; and
 5. any malfunction or failure of pollution control devices or other equipment or process.
2. The facility is no longer on alert status once the operational indicator no longer indicates that an PL is being exceeded. The permittee shall, however, complete all tasks necessary to return the facility to its pre-alert operating condition.

2.6.2.2 Exceeding of Alert Levels Set for Discharge Monitoring

1. If an AL set in Section 4.0, TABLE I has been exceeded, the permittee shall conduct verification sampling within 24 hours of becoming aware of the alert status.
2. If the verification sampling confirms that the AL has been exceeded, the permittee shall immediately investigate to determine the cause of the AL being exceeded. The investigation shall include the following:
 - a. Inspection, testing, and assessment of the current condition of all treatment or pollutant discharge control systems that may have contributed to the AL being exceeded.
 - b. Review of recent process logs, reports, and other operational control

information to identify any unusual occurrences;

3. The permittee shall initiate actions identified in the approved contingency plan referenced in Part 5.0 and specific contingency measures identified in Part 2.6 to resolve any problems identified by the investigation which may have led to an AL being exceeded. To implement any other corrective action the permittee shall obtain prior approval from ADEQ according to Section 2.6.6.
4. Within thirty (30) days after confirmation of an AL being exceeded, the permittee shall submit the laboratory results to the ADEQ Water Quality Compliance Section, Data Unit, along with a summary of the findings of the investigation, the cause of the AL being exceeded, and actions taken to resolve the problem.
5. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.

2.6.2.3 Exceeding of Alert Levels in Groundwater Monitoring

2.6.2.3.1 Alert Levels for Indicator Parameters

Not Applicable.

2.6.2.3.2 Alert Levels for Pollutants with Numeric Aquifer Water Quality Standards

Not Applicable.

2.6.2.3.3 Alert Levels to Protect Downgradient Users from Pollutants Without Numeric Aquifer Water Quality Standards

Not Applicable.

2.6.3 Discharge Limitations (DL) Violations

1. If a DL set in Section 4.0, TABLE I has been exceeded, the permittee shall conduct verification sampling within 24 hours of becoming aware of a DL being exceeded.
2. If verification sampling confirms that the DL has been violated, the permittee shall immediately investigate to determine the cause of the violation. The investigation shall include the following:
 - a. Inspection, testing, and assessment of the current condition of all treatment or pollutant discharge control systems that may have contributed to the violation;
 - b. Review of recent process logs, reports, and other operational control information to identify any unusual occurrences;
3. The permittee also shall submit a report according to Section 2.7.3, which includes a summary of the findings of the investigation, the cause of the violation, and actions taken to resolve the problem. The permittee shall consider and ADEQ may require corrective action that may include control of the source of discharge, cleanup of affected soil, surface water or groundwater, and mitigation of the impact of pollutants on existing uses of the aquifer. Corrective actions shall either be specifically identified in this permit, included in an ADEQ approved contingency plan, or separately approved according to Section 2.6.6.

4. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.

2.6.4 Aquifer Quality Limit (AQL) Violation

Not Applicable.

2.6.5 Emergency Response and Contingency Requirements for Spills and Unauthorized Discharges

2.6.5.1 Duty to Respond

The permittee shall act immediately to correct any condition that could pose an endangerment to public health or the environment.

2.6.5.2 Spills of Hazardous Substances or Toxic Pollutants

In the event of any accidental spill or unauthorized discharge (A.R.S. § 49-201(12)) of suspected hazardous substances (A.R.S. § 49-201(18)) or toxic pollutants (A.R.S. § 49-243(I)) on the facility site, the permittee shall promptly isolate the area and attempt to identify the spilled material. The permittee shall record information, including name, nature of exposure and follow-up medical treatment, if necessary, on persons who may have been exposed during the incident. Spilled materials, absorbents, and contaminated media generated during emergency response shall be removed and disposed of according to applicable federal, state and local regulations. The emergency response coordinator shall notify the ADEQ Emergency Response Unit at (602) 771-2330 immediately upon discovering a release of a hazardous substance in excess of a reportable quantity in accordance with 40 CFR Part 302, et seq.

2.6.5.3 Discharge of Non-hazardous Materials

In the event of any unauthorized discharge of non-hazardous materials from the facility, the permittee shall promptly attempt to cease the discharge and isolate the discharged material. Discharged material shall be removed and the site cleaned up as soon as possible. The permittee shall notify the ADEQ Water Quality Field Services Unit at (602) 771-4841 within 24-hours upon discovering the discharge of non-hazardous material which: a) has the potential to cause an AQL to be exceeded; or b) could pose an endangerment to public health or the environment.

2.6.5.4 Reporting Requirements

The permittee shall submit a written report for any unauthorized discharges described in Sections 2.6.5.2 and 2.6.5.3 to ADEQ Water Quality Field Services Unit, Mail Code: 5415B-1, 1110 West Washington Street, Phoenix, AZ within thirty days of the discharge or as required by subsequent ADEQ action. The report shall summarize the event, including any human exposure, and facility response activities and include all information specified in Section 2.7.3. If a notice is issued by ADEQ subsequent to the discharge notification, any additional information requested in the notice shall also be submitted within the time frame specified in that notice. Upon review of the submitted report, ADEQ may require additional monitoring or corrective actions.

2.6.6 Corrective Actions

Specific contingency measures identified in Part 2.6 have already been approved by ADEQ and

do not require written approval to implement.

With the exception of emergency response actions taken under Section 2.6.5, the permittee shall obtain written approval from the Water Permits Section prior to implementing a corrective action to accomplish any of the following goals in response to exceeding an AL or violation of an AQL, DL, or other permit condition:

1. Control of the source of an unauthorized discharge;
2. Soil cleanup;
3. Cleanup of affected surface waters;
4. Cleanup of affected parts of the aquifer;
5. Mitigation to limit the impact of pollutants on existing uses of the aquifer.

Within 30 days of completion of any corrective action, the operator shall submit to the ADEQ Water Quality Compliance Section, a written report describing the causes, impacts, and actions taken to resolve the problem.

2.7 Reporting and Recordkeeping Requirements
[A.R.S. § 49-243(K)(2) and A.A.C. R18-9-A206(B) and R18-9-A207]

2.7.1 Self Monitoring Report Forms (SMRF)

1. The permittee shall complete the SMRFs provided by ADEQ, and submit them to the Water Quality Compliance Section, Data Unit.
2. The permittee shall complete the SMRF to the extent that the information reported may be entered on the form. If no information is required during a quarter, the permittee shall enter "not required" on the SMRF and submit the report to ADEQ. The permittee shall use the format devised by ADEQ.
3. The tables contained in Sections 4.0 list the parameters to be monitored and the frequency for reporting results for groundwater compliance monitoring. Monitoring methods shall be recorded on the SMRFs.
4. In addition to the SMRF, the information contained in Section 6.9.3 shall be included for exceeding an AL or violation of an AQL, DL, or any other permit condition being reported in the current reporting period.

2.7.2 Operation Inspection / Log Book Recordkeeping

A signed copy of this permit shall be maintained at all times at the location where day-to-day decisions regarding the operation of the facility are made. A log book of the inspections and measurements required by this permit shall be maintained at the location where day-to-day decisions are made regarding the operation of the facility. The log book shall be retained for ten years from the date of each inspection, and upon request, the permit and the log book shall be made immediately available for review by ADEQ personnel. The information in the log book shall include, but not be limited to, the following information as applicable:

1. name of inspector;
2. date and shift inspection was conducted;

3. condition of applicable facility components;
4. any damage or malfunction, and the date and time any repairs were performed;
5. documentation of sampling data and time;
6. names of samples;
7. static water level in monitor well prior to sampling;
8. sampling method;
9. purging volume;
10. indicator parameters including field conductance ($\mu\text{mhos/cm}$), field temperature ($^{\circ}\text{C}$), and field pH (standard units);
11. date of analysis;
12. preservation and transportation procedures;
13. the name of the analytical facility, and;
14. any other information as specified by this permit to be entered in the log book.

2.7.3 Permit Violation and Alert Level Status Reporting

1. The permittee shall notify the Water Quality Compliance Section, Enforcement Unit in writing within five days (except as provided in Section 2.6.5) of becoming aware of a violation of any permit condition, discharge limitation or of an Alert Level being exceeded.
2. The permittee shall submit a written report to the Water Quality Compliance Section, Enforcement Unit within 30 days of becoming aware of the violation of any permit condition or discharge limitation. The report shall document all of the following:
 - a. Identification and description of the permit condition for which there has been a violation and a description of its cause.
 - b. The period of violation including exact date(s) and time(s), if known, and the anticipated time period during which the violation is expected to continue.
 - c. Any corrective action taken or planned to mitigate the effects of the violation, or to eliminate or prevent a recurrence of the violation.
 - d. Any monitoring activity or other information which indicates that any pollutants would be reasonably expected to cause a violation of an Aquifer Water Quality Standard.
 - e. Proposed changes to the monitoring which include changes in constituents or increased frequency of monitoring.
 - f. Description of any malfunction or failure of pollution control devices or other equipment or processes.

2.7.4 Operational, Other or Miscellaneous Reporting

The permittee shall complete the Self-Monitoring Report Form provided by the Department to reflect facility inspection requirements designated in Section 4.0, TABLE III and submit to the ADEQ, Water Quality Compliance quarterly along with other reports required by this permit. Facility inspection reports shall be submitted no less frequently than quarterly, regardless of operational status.

The permittee shall submit the results of water quality testing for total nitrogen, fecal coliform, turbidity and flow volumes to any of the following in accordance with A.A.C. R18-9-703(C)(2)(c):

1. Any reclaimed water agent who has contracted for delivery of reclaimed water from the permittee;
2. Any end user who has not waived interest in receiving this information.

2.7.5 Reporting Location

All SMRFs shall be submitted to:

Arizona Department of Environmental Quality
Water Quality Compliance Section, Data Unit
Mail Code: 5415B-1
1110 W. Washington Street
Phoenix, AZ 85007
Phone (602) 771-4681

All documents required by this permit to be submitted to the Water Quality Compliance Section shall be directed to:

Water Quality Compliance Section, Enforcement Unit
Mail Code: 5415B-1
1110 W. Washington Street
Phoenix, AZ 85007
Phone (602) 771-4614

All documents required by this permit to be submitted to the Water Permits Section shall be directed to:

Arizona Department of Environmental Quality
Water Permits Section
Mail Code: 5415B-3
1110 W. Washington Street
Phoenix, AZ 85007
Phone (602) 771-4428

2.7.6 Reporting Deadline

The following table lists the quarterly report due dates:

Monitoring conducted during quarter:	Quarterly Report due by:
January-March	April 30
April-June	July 30
July-September	October 30
October-December	January 30

2.7.7 Changes to Facility Information in Section 1.0

The Water Permits Section and Water Quality Compliance Section shall be notified within 10 days of any change of facility information including Facility Name, Permittee Name, Mailing or Street Address, Facility Contact Person or Emergency Telephone Number.

2.8 Temporary Cessation [A.R.S. § 49-243(K)(8) and A.A.C. R18-9-A209(A)]

The permittee shall give written notice to the Water Quality Compliance Section upon ceasing operation of the facility for a period of 60 days or greater. The permittee shall take the following measures upon temporary cessation:

1. If applicable, direct the wastewater flows from the facility to another State approved wastewater treatment facility.
2. Correct the problem that caused the temporary cessation of the facility.
3. Notify ADEQ with a monthly facility Status Report describing the activities conducted on the WWTP to correct the problem

At the time of notification the permittee shall submit for ADEQ approval a plan for maintenance of discharge control systems and for monitoring during the period of temporary cessation. Immediately following ADEQ's approval, the permittee shall implement the approved plan. If necessary, ADEQ shall amend permit conditions to incorporate conditions to address temporary cessation. If the facility will cease operation, the permittee shall submit closure notification, as set forth in Section 2.9 below.

2.9 Closure [A.R.S. §§ 49-243(K)(6), 49-252 and A.A.C. R18-9-A209(B)]

The permittee shall give written notice of closure to the Water Quality Compliance Section before closing, or before ceasing use of a facility addressed under this permit if the cessation is projected to last more than three years.

Within 90 days following notification of closure, the permittee shall submit for approval to the Water Permits Section, a detailed Closure Plan which meets the requirements of A.R.S. § 49-252 and A.A.C. 18-9-A209(B)(1)(a).

If the closure plan achieves clean closure immediately, ADEQ shall issue a letter of approval to the permittee. If the closure plan contains a schedule for bringing the facility to a clean closure configuration at a future date, ADEQ may incorporate any part of the schedule as an amendment to this permit.

Upon completion of closure activities, the permittee shall give written notice to the Water Permits Section indicating that the approved Closure Plan has been implemented fully. If clean closure has been achieved, ADEQ shall issue a letter of approval to the permittee at that time. If any of the following conditions apply, the permittee shall follow the terms of Post Closure stated in this permit:

1. Clean closure cannot be achieved at the time of closure notification or within one year thereafter under a diligent schedule of closure actions;
2. Further action is necessary to keep the facility in compliance with aquifer water quality standards at the applicable point of compliance;
3. Continued action is required to verify that the closure design has eliminated discharge to the extent intended;
4. Remedial or mitigative measures are necessary to achieve compliance with Title 49, Ch. 2;
5. Further action is necessary to meet property use restrictions.

2.9.1 Closure Plan

A specific closure plan is not required at the time of permit issuance.

2.9.2 Closure Completion

Not required at the time of permit issuance.

2.10 Post-Closure [A.R.S. §§ 49-243(K)(6), 49-252 and A.A.C. R18-9 A209(C)]

Post-closure requirements shall be established based on a review of facility closure actions and will be subject to review and approval by the Water Permits Section.

In the event clean closure cannot be achieved pursuant to A.R.S. § 49-252, the permittee shall submit for approval to the Water Permits Section a Post-Closure Plan that addresses post-closure maintenance and monitoring actions at the facility. The Post-Closure Plan shall meet all requirements of A.R.S. §§ 49-201(29) and 49-252 and A.A.C. R18-9-A209(C). Upon approval of the Post-Closure Plan, this permit shall be amended or a new permit shall be issued to incorporate all post-closure controls and monitoring activities of the Post-Closure Plan.

2.10.1 Post-Closure Plan

A specific post-closure plan is not required at the time of permit issuance.

2.10.2 Post-Closure Completion

Not required at the time of permit issuance.

3.0 COMPLIANCE SCHEDULE [A.R.S. § 49-243(K)(5) and A.A.C. R18-9-A208]

None required at this time.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE I
DISCHARGE MONITORING

Sampling Point Number	Sampling Point Identification	Latitude		Longitude	
1	Clear Water Tank	33° 05' 13" N		112° 00' 42" W	
Parameter (class A+)	AL ¹	DL ²	Units	Sampling Frequency	Reporting Frequency
Flow: Daily	Reserved ³	Reserved	MGD ⁴	Daily ⁵	Quarterly
Flow: Average Monthly ⁶	0.95	1.00	MGD	Monthly ⁷	Quarterly
Fecal Coliform: single sample maximum	Reserved	23	CFU or MPN ⁸	Daily ⁹	Quarterly
Fecal Coliform: 4 of last 7 samples	Reserved	Non-detect	CFU or MPN	Daily	Quarterly
Total Nitrogen ¹⁰ : 5-sample rolling geometric mean.	8.0	10.0 ¹¹	mg/l	Monthly	Quarterly

¹ AL = Alert Level.² DL = Discharge Limit.³ Reserved = no limits have been specified.⁴ MGD = Million Gallons per Day⁵ Flow shall be measured using a continuous recording flow meter.⁶ Flow will be increased to 1.9 AL and 2.0 DL when second plant is commissioned and 2.85 AL and 3.0 DL when third plant is commissioned, under a minor amendment.⁷ Monthly = Calculated value = Average of daily flows in a month.⁸ If at least four (4) out of the last seven (7) samples are non-detect, report "yes" in the appropriate space on the SMRF (indicating that the standard has been met). However, if at least four (4) out of the last seven (7) samples have detections of fecal coliform, report "no" in the appropriate space on the SMRF (indicating that the standard has not been met).⁹ Daily = Every day on which a sample can practicably be obtained and delivered in sufficient time for proper analysis, provided that no less than four samples in each calendar week are obtained and analyzed.¹⁰ Total Nitrogen is equal to nitrate as N plus nitrite as N plus TKN.¹¹ A 5-Month Geometric Mean of the results of the 5 most recent samples.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE I
DISCHARGE MONITORING (Continued)

Enteric Virus (4 of the last 7 samples)	Reserved	Non-detect	Monthly/ Suspended ¹²	Quarterly
Turbidity : Single Reading	Reserved	5 NTU ¹³	Everyday ¹⁴	Quarterly
Turbidity (24-hour average)	Reserved	2 NTU	Everyday	Quarterly

Parameter	AL	DL	Units	Sampling Frequency	Reporting Frequency
Metals (Total):					
Antimony	0.0048	0.006	mg/l	Quarterly	Quarterly
Arsenic	0.04	0.05	mg/l	Quarterly	Quarterly
Barium	1.60	2.00	mg/l	Quarterly	Quarterly
Beryllium	0.0032	0.004	mg/l	Quarterly	Quarterly
Cadmium	0.004	0.005	mg/l	Quarterly	Quarterly
Chromium	0.08	0.1	mg/l	Quarterly	Quarterly
Cyanide (As free cyanide)	0.16	0.2	mg/l	Quarterly	Quarterly
Fluoride	3.2	4.0	mg/l	Quarterly	Quarterly
Lead	0.04	0.05	mg/l	Quarterly	Quarterly
Mercury	0.0016	0.002	mg/l	Quarterly	Quarterly
Nickel	0.08	0.1	mg/l	Quarterly	Quarterly
Selenium	0.04	0.05	mg/l	Quarterly	Quarterly
Thallium	0.0016	0.002	mg/l	Quarterly	Quarterly

¹² Enteric virus sampling shall resume only if two(2) consecutive turbidity limits are exceeded. Monthly enteric virus monitoring shall continue until four (4) out of seven (7) consecutive sample results show no detection. During times when enteric virus sampling is suspended, enter "suspended" in the appropriate space on the SMRF.

¹³ NTU = Nephelometric Turbidity Units

¹⁴ For the single turbidity reading, "everyday" means the maximum reading during the 24-hour period.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE 1
DISCHARGE MONITORING (Continued)

Parameter	AL	DL	Units	Sampling Frequency	Reporting Frequency
Volatile Organic Compounds (VOCs):					
Benzene	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
Carbon tetrachloride	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
o-Dichlorobenzene	480.0	600.0	ug/l	Semi-Annually	Semi-Annually
para-Dichlorobenzene	60.0	75.0	ug/l	Semi-Annually	Semi-Annually
1,2-Dichloroethane	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
1,1-Dichloroethylene	5.6	7.0	ug/l	Semi-Annually	Semi-Annually
cis-1,2-Dichloroethylene	56.0	70.0	ug/l	Semi-Annually	Semi-Annually
trans-1,2-Dichloroethylene	80.0	100.0	ug/l	Semi-Annually	Semi-Annually
Dichloromethane	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
1,2-Dichloropropane	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
Ethylbenzene	560.0	700.0	ug/l	Semi-Annually	Semi-Annually
Hexachlorobenzene	0.8	1.0	ug/l	Semi-Annually	Semi-Annually
Monochlorobenzene	80.0	100.0	ug/l	Semi-Annually	Semi-Annually
Pentachlorophenol	0.8	1.0	ug/l	Semi-Annually	Semi-Annually
Styrene	80.0	100.0	ug/l	Semi-Annually	Semi-Annually
Tetrachloroethylene	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
Toluene	800.0	1000.0	ug/l	Semi-Annually	Semi-Annually
Trihalomethanes (total) ¹⁵	80.0	100.0	ug/l	Semi-Annually	Semi-Annually
1,1,1-Trichloroethane	160.0	200.0	ug/l	Semi-Annually	Semi-Annually
1,2,4 - Trichlorobenzene	56.0	70.0	ug/l	Semi-Annually	Semi-Annually
1,1,2 - Trichloroethane	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
Trichloroethylene	4.0	5.0	ug/l	Semi-Annually	Semi-Annually
Vinyl Chloride	1.6	2.0	ug/l	Semi-Annually	Semi-Annually
Xylenes (Total)	8000.0	10,000.0	ug/l	Semi-Annually	Semi-Annually

¹⁵ Total trihalomethanes comprises of bromoform, bromodichloromethane, chloroform, and dibromochloromethane.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE II
GROUNDWATER MONITORING
(NOT REQUIRED)

TABLE III
FACILITY INSPECTION (operational monitoring)

Pollution Control Structures/Parameter	Performance Levels	Inspection Frequency
Pump Integrity	Good Working Condition	Weekly
Treatment Plant Components	Good Working Condition	Weekly
Berm Integrity	No Visible Erosion	Weekly

5.0 REFERENCES AND PERTINENT INFORMATION

The terms and conditions set forth in this permit have been developed based upon the information contained in the following, which are on file with the Department:

- 1 APP Application dated September 9, 2002.
- 2 Public Notice, dated March 20, 2003.
- 3 Public Hearing, dated N/A.
- 4 Responsiveness Summary, dated N/A.
- 5 A contingency plan was submitted with the application, dated September 9, 2002.

6.0 GENERAL CONDITIONS AND RESPONSIBILITIES**6.1 Annual Registration Fees**

The permittee shall pay an Annual Registration Fee to ADEQ. The Annual Registration Fee is based upon the amount of daily influent or discharge of pollutants in gallons per day as established by A.R.S. § 49-242(D).

6.2 Duty to Comply [A.R.S. §§ 49-221 through 263]

The permittee shall comply with all conditions of this permit and all applicable provisions of Title 49, Chapter 2, Articles 1, 2 and 3 of the Arizona Revised Statutes, Title 18, Chapter 9, Articles 1 through 4, and Title 18, Chapter 11, Article 4 of the Arizona Administrative Code. Any permit non-compliance constitutes a violation and is grounds for an enforcement action pursuant to Title 49, Chapter 2, Article 4 or permit modification, suspension, or revocation.

6.3 Duty to Provide Information [A.R.S. §§ 49-243(K)(2) and 49-243(K)(8)]

The permittee shall furnish to the Director, or an authorized representative, within a time specified, any information which the Director may request to determine whether cause exists for amending or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

6.4 Severability [A.R.S. § 49-243(K)(8)]

The provisions of this permit are severable, and if any provision of this permit, or the application of any provision of this permit to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this permit, shall not be affected thereby.

6.5 Proper Operation and Maintenance [A.R.S. § 49-243(K)(8)]

The permittee shall, at all times, properly operate and maintain all facilities, treatment processes, and discharge control systems which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit.

6.6 Compliance with Aquifer Water Quality Standards [A.R.S. §§ 49-243(B)(2) and 49-243(B)(3)]

The permittee shall not cause or contribute to a violation of an aquifer water quality standard at the applicable point of compliance for the facility. Where, at the time of issuance of the permit, an aquifer already exceeds an aquifer water quality standard for a pollutant, the permittee shall not discharge that pollutant so as to further degrade, at the applicable point of compliance for the facility, the water quality of any aquifer for that pollutant.

6.7 Technical and Financial Capability [A.R.S. §§ 49-243(K)(8) and 49-243(N) and A.A.C. R18-9-A202(B) and R18-9-A203(E) and (F)]

The permittee shall have and maintain the technical and financial capability necessary to fully carry out the terms and conditions of this permit. Any bond, insurance policy, trust fund, or other financial assurance mechanism provided as a demonstration of financial capability in the permit application, pursuant to A.A.C. R18-9-A203(D), shall be in effect prior to any discharge authorized by this permit and shall remain in effect for the duration of the permit.

6.8 Reporting of Bankruptcy or Environmental Enforcement [A.A.C. R18-9-A207(C)]

The permittee shall notify the Director within five days after the occurrence of any one of the following:

1. The filing of bankruptcy by the permittee.
2. The entry of any order or judgment not issued by the Director against the permittee for the enforcement of any environmental protection statute or rule.

6.9 Monitoring and Records [A.R.S. § 49-243(K)(8) and A.A.C. R18-9-A206]

The permittee shall conduct any monitoring activity necessary to assure compliance with this permit, with the applicable water quality standards established pursuant to A.R.S. §§ 49-221 and 49-223 and §§ 49-241 through 49-252.

1. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.
2. The permittee shall retain records of all monitoring information, including copies of all reports required by this permit and records of all data used to complete the application for this permit, for a period of 10 years from the date of the sample, measurement report, or application. This period may be extended by request of the Director at any time.
3. At a minimum, records of monitoring information shall include:
 - a. The date, time, and exact place of sampling or measurements
 - b. The individual(s) who performed the sampling or measurements
 - c. The date(s) analyses were performed
 - d. The individual(s) who performed the analyses
 - e. The analytical techniques or methods used
 - f. The results of such analyses
 - g. The chain of custody records, and
 - h. Any field notes relating to the information described in (a) - (g) above.

6.10 Other information [A.R.S. § 49-243(K)(8)]

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, the permittee shall promptly submit the correct facts or information.

6.11 Inspection and Entry [A.R.S. §§ 49-203(B) and 49-243(K)(8)]

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to enter and inspect the facility as reasonably necessary to ensure compliance with Title 49, Chapter 2, Article 3 of the Arizona Revised Statutes, and Title 18, Chapter 9, Articles 1 through 4 of the Arizona Administrative Code and the terms and conditions of this permit. In so doing, the Department representative may:

1. Enter upon the operator's premises where a regulated facility or activity is located or conducted, or locations where records must be kept under the conditions of this permit.
2. Have access to and copy, at reasonable times, any records required to be kept under the conditions

of this permit.

3. Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit.
4. Sample or monitor at reasonable times, for the purposes of assuring permit compliance, any substances or parameters at any location.
5. Take photographs or video tape.
6. Take other actions reasonably necessary to determine compliance with Aquifer Protection Permit statutes or rules or the terms and conditions of this permit.

6.12 Duty to Modify [A.R.S. § 49-243(K)(8)]

The permittee shall apply for and receive a written amendment before deviating from any of the designs or operational practices authorized by this permit.

**6.13 Permit Action: Amendment, Transfer, Suspension & Revocation
[A.R.S. §§ 49-201, 49-241 through 251, A.A.C. R18-9-A211, R18-9-A212 and R18-9-A213]**

This permit may be amended, transferred, renewed, or revoked for cause, under the rules of the Department. The filing of a request by the permittee for a permit action does not stay or suspend the effectiveness of any existing permit condition. The Director shall issue a public notice of all proposed permit actions pursuant to A.A.C. R18-9-A211, R18-9-A212 and R18-9-A213.

6.13.1 Permit Reopen

The Director may reopen this permit and amend it pursuant to A.A.C. R18-9-A211.

6.13.2 Permit Transfer

This permit may not be transferred to any other person except after notice to and approval of the transfer by the Department. No transfer will be approved until the applicant complies with all transfer requirements as specified in A.A.C. R18-9-A212(B) and (C).

The permittee shall notify the Water Permits Section in writing within 15 days after any change in the owner or operator of the facility. The notification shall state the permit number, the name of the facility, the date of property transfer, and the name, address, and phone number where the new owner or operator can be reached. The operator shall advise the new owner or operators of the terms of this permit and the need for permit transfer in accordance with the rules.



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Stephen A. Owens
Director

To: All Permittees

Please be advised that in addition to APP requirements, all wastewater treatment plant operators (preparer/generator) must comply with requirements for the use and disposal of sewage sludge/biosolids based on the federal program at 40 Code of Federal Regulations (CFR) Part 503 and the Arizona program at 18 Arizona Administrative Code (A.A.C.) Chapter 9, Article 10.

"Biosolids" refers to non-hazardous sewage sludge as defined in 40 CFR 503.9 and A.A.C. R18-9-1001(7).

A summary of the requirements follows. Refer to 40 CFR 503 and A.A.C. R18-9-1001 through A.A.C. R18-9-1015 for exact requirements.

A. Use or Disposal Requirements

All biosolids generated by a preparer shall be used or disposed of in compliance with the applicable portions of 18 A.A.C. Chapter 9, Article 10 and

1. 40 CFR 503 Subpart B: for biosolids that are land applied, for the purpose of enhancing plant growth or for land reclamation
2. 40 CFR 503 Subpart C: for biosolids that are placed on the land (surface disposal) for the purpose of disposal (dedicated land disposal sites or monofills)
3. 40 CFR 503 Subpart E: for biosolids incinerated outside of Arizona. Note: Incineration of biosolids is prohibited in Arizona.
4. 40 CFR 258: for biosolids disposed of in municipal solid waste landfills; and
5. 40 CFR 257: for all biosolids use and disposal practices not covered under 40 CFR 258 or 503.

B. Biosolids Preparer's Responsibility

The preparer/generator is responsible for assuring that all sewage sludge/biosolids produced at its facility are used or disposed of in accordance with 40 CFR 503, 257, 258 and A.A.C R18-9-1001 et.seq, as applicable, whether the facility uses or disposes of the biosolids itself or transfers them to another party for further treatment, use, or disposal. The preparer/generator is responsible for informing subsequent preparers, appliers, and disposers of the requirements that they must meet under the requirements of 40 CFR 503.

C. General Environmental Restrictions

The preparer/generator shall ensure that:

1. No biosolids enter wetlands or other waters of the United States.
2. Biosolids treatment, storage, use or disposal does not contaminate groundwater.
3. Biosolids treatment, storage, and use or disposal does not create a nuisance such as objectionable odors or attraction of flies or other disease carrying vectors.

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3. **Test Methods.** The preparer shall ensure biosolids are tested using the methods in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods" (SW-846, Third Edition, Update 3), as required in 40 CFR 503.8(b)(4).
4. **Testing Accumulated Biosolids.** If the preparer has accumulated biosolids that have not previously been tested, the preparer must develop a sludge sampling plan which details the number of samples to be taken and the location of sampling points to enable representative samples to be collected. The preparer must collect and analyze representative samples per the sampling plan.
5. **Sampling Results.** Test results for all sludge sampling shall be expressed in milligram of pollutant per kilogram (mg/kg) of biosolids on a 100% dry weight basis.
6. **Pathogen Reduction.**
 - a. Prior to land application, the preparer shall document the methods used to demonstrate that the biosolids meet Class A or Class B pathogen reduction levels by one of the methods listed in 40 CFR 503.32 and A.A.C. R18-9-1006.
 - b. Prior to disposal in a surface disposal site, the preparer shall demonstrate that the biosolids meet Class B levels or shall ensure that the site is covered at the end of each operating day.
 - c. If pathogen reduction is demonstrated using a Process to Significantly/Further Reduce Pathogens, the preparer shall maintain daily records of the operating parameters used to achieve this reduction. If pathogen reduction is demonstrated by testing for fecal coliforms and/or pathogens, samples must be drawn. For fecal coliform, at least seven discrete samples must be drawn during each monitoring event and a geometric mean calculated from these seven samples.
 - d. Biosolids must meet Class A or B pathogen reduction at the time they leave the plant site, unless they are being transported to a municipal landfill, a preparer of biosolids, or a surface disposal site that covers the sewage sludge biosolids with soil or other material at the end of each operating day.
7. **Vector Attraction Reduction Records.** For biosolids that are land applied or placed in a surface disposal site, the preparer shall ensure that the biosolids meet and retain records of the operational parameters used to achieve Vector Attraction Reduction requirements in 40 CFR 503.33(b) or A.A.C. R18-9-1010.

H. Notification Requirements

The preparer must either directly or through contractual arrangements with their biosolids management contractors, comply with the following:

1. **Notification of land application.** Prior to application of any biosolids from this facility on a new or previously unreported site, applicators must complete and submit to the ADEQ Biosolids Coordinator, a Request for Registration form per A.A.C. R18-9-1004.
2. **Additional notice for land application of biosolids with high metals.** If any biosolids within a given monitoring period do not meet 40 CFR 503.13 Table 3 and A.A.C. R18-9-1005 Table 4 metals concentration limits, the preparer (or its contractor) must pre-notify EPA and the ADEQ Biosolids Coordinator, and determine the cumulative metals loading at that site to date, as required in 40 CFR 503.12 and A.A.C. R18-9-1005(D)(2).
3. **Preparer's notice to contractors who land apply sludge.** The preparer shall notify the applier of all the applier's requirements under 40 CFR Part 503, including the requirement that the applier certify that management practices, site